



how to spend it
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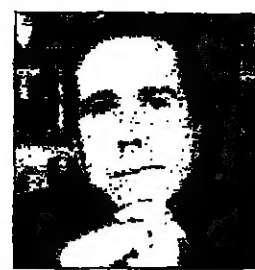
The intrigue
that is leading
to Africa's
'first world war'

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FINANCIAL TIMES

NOVEMBER 14/NOVEMBER 15 1998



The founder of
America's IT
bible says:
'I hate computers'



Jancis Robinson
debunks the myth
that she doesn't
like Chardonnay

US cigarette makers to pay states \$250bn

By Richard Tomkins in New York

US cigarette makers yesterday struck a deal requiring them to pay out \$250bn over the next 25 years to end the worst of the litigation they face.

If finally agreed, the settlement will be by far the biggest by any industry in corporate history, dwarfing Monday's proposed \$3.2bn pay-out by Dow Corning to end breast implant litigation.

The deal was struck between the big cigarette manufacturers and eight of the 38 states suing them for the cost of treating smoking-related illnesses. Details of the package are expected to be announced on Monday. The other 30 states will then be given about a week to sign up.

If more than two or three states refuse to sign - especially big states such as New York or California - the deal could fall apart, but most are expected to approve the settlement because it includes advertising restrictions and other anti-tobacco measures that would not be available through a jury award.

Yesterday's settlement is a streamlined-down version of a tougher deal that the states announced in June 1997, when the tobacco companies agreed to pay out \$600bn, accepted ambitious targets for reducing teenage smoking and agreed to federal regulation of nicotine as a drug. In return, the tobacco companies wanted immunity from nearly all big lawsuits, so the deal had to go to Congress for approval. It fell apart when Congress tried to make it even tougher. The new version does not require Congressional approval, and the tobacco industry has beaten off most other legal challenges.

The settlement sets out to dis-

courage young people from smoking by banning advertisements in places where youngsters would be likely to see them. This includes nearly all outdoor advertising and restrictions on sports sponsorship. Cartoon figures such as Joe Camel will be banned, but human figures such as the Marlboro Man will survive.

A national foundation to reduce teen smoking will be established at a cost of \$20m a year over 10 years, and \$1.45bn will be paid over five years to set up a public education fund that will campaign against smoking.

The pay-outs to the states - to be divided among them according to population and smoking costs incurred - will start with a payment of \$2.4bn backdated to last month, rising to \$3bn by 2018 and continuing at that level.

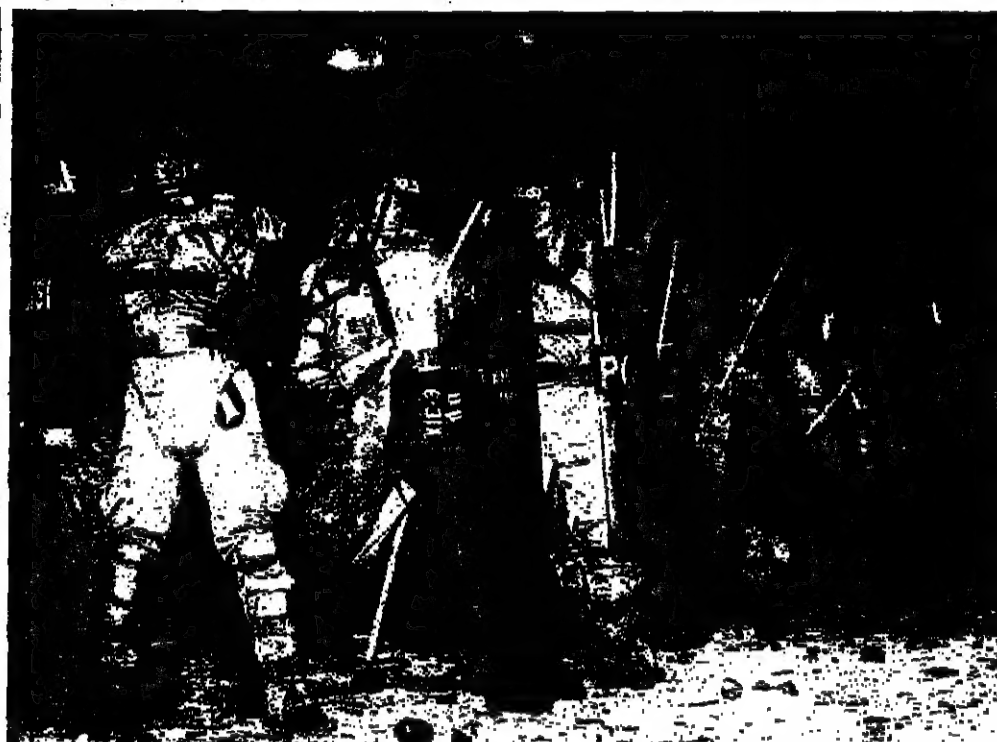
The payments will be divided among the cigarette makers according to market share. They will rise in line with inflation, and will also rise or fall in line with overall cigarette sales.

The deal says the lawyers who assisted the states will be paid from a \$1.25bn fund set up by the tobacco industry. But most law firms were working on contingency fee basis and will probably fight to claim a percentage of the sums paid to the states.

Although the deal will lift the legal threat from the tobacco industry, it will prompt concerns among other US industries about which will be targeted next by multi-billion dollar lawsuits.

On Thursday, Chicago became the second city to take legal action against US gun makers and distributors, claiming compensation for the damage done by their products. New Orleans sued two weeks earlier.

Lex, Page 28



Line of riot police in Jakarta taking aim at student protesters as his colleagues come under a hail of stones and firebombs during riots in front of Jakarta's Atma Jaya University. Full story, Page 4

SADDAM STANDS BY DEMANDS ON SANCTIONS AS MILITARY BUILD-UP CONTINUES

Iraq pledges 'positive' response in move to avoid US air strikes

By Der International Staff

Iraq yesterday sought to ward off US air strikes by promising a "positive" response to any diplomatic initiative that would remove international sanctions imposed on it.

But President Bill Clinton insisted the real issue was Iraq's refusal to co-operate with United Nations arms inspectors. Saddam Hussein, the Iraqi president, "still has it in his hands to end this crisis now" by resuming co-operation, Mr Clinton said.

But Iraq's behaviour "makes it plain that even though its real goal is to end the sanctions without giving up its weapons of mass destruction programme".

As the US continued its military build-up around Iraq, Made-

leine Albright, the secretary of state, warned Iraq to "reverse course, or face the consequences". She said Mr Clinton had the authority to strike Iraq without further consulting either the UN or Congress.

In his first statement since the crisis began, Mr Saddam said restrictions on the UN inspectors were not aimed at creating a crisis, but "were intended to get responses to Iraq's legitimate demands" for an end to the trade sanctions.

"Iraq will accept positively any initiative that meets these just and balanced demands," the official Iraqi news agency quoted Mr Saddam as telling the Russian ambassador to Baghdad.

Moscow stressed yesterday it was "categorically" opposed to

the use of force against Iraq, and proposed that Kofi Annan, the UN secretary-general, should visit Baghdad to try to defuse the crisis, as he did last February. But Mr Annan's spokesman said in New York that the UN chief "does not at this time see a possible role for himself".

Tony Blair, UK prime minister, said: "If action proves necessary, we will take it with a real sense of responsibility, with a heavy heart and deep regret." So far Britain is the only country to have said it would join the US in attacking Iraq. On the oil market, prices rose slightly in anticipation of military action.

Strikes would aim to cause lasting damage, Page 3; Face-off in Baghdad, Page 10

Brazil receives \$41bn in aid

IMF hopes to prevent financial crisis

By Stephen Fidler in Washington and Geoff Dyer in São Paulo

Brazil is to receive a \$41bn financing package aimed at stopping it becoming the next victim of global financial crisis.

The long-awaited programme, announced yesterday by Brazil and the International Monetary Fund, includes loans of more than \$18bn from the IMF, \$4.5bn each from the World Bank and Inter-American Development Bank and \$14.5bn in bilateral credits from 20 governments and central banks provided through the Basle-based Bank for International Settlements.

The US is the largest contributor to the financing, providing \$5bn from its Exchange Stabilisation Fund. Formal approval for the IMF loan is expected early in December, when \$5.3bn will be available from the Fund and more than \$4bn from governments. Brazil can also apply to the Fund to draw an equivalent amount of money soon afterwards, also entitling it to bilateral funds. About \$37bn will be available in the first year.

Michel Camdessus, the IMF managing director, said the programme had an "important precautionary character", and Fund officials said it had been of a size to assure financial markets that Brazil had the means to cope with further financial turbulence. He said the economic programme that accompanied the loans addressed the chief sources of Brazil's economic vulnerability.

Pedro Malan, Brazil's finance minister, also said the programme was "preventative" in nature. "The funds are available should Brazil need to use them, but I hope the country will not need \$37bn in the first 12 months," he said. There would be no change to foreign exchange policy. Much of the financing is being provided at relatively high rates of interest. More than

\$12.5bn of the IMF money will be provided under a short-term supplemental reserve facility - introduced last December and only used for South Korea so far - whereby interest rates start at three percentage points above normal IMF lending rates and increase over time.

Despite widespread concerns that such programmes have been used largely to pay private creditors, such creditors have not been explicitly included in the deal. Brazilian officials have been worried that the prospect of private sector banks possibly being forced to contribute could encourage them to head for the exits, and have argued that Brazil needs only voluntary co-operation from its creditors.

Stanley Fischer, first deputy managing director at the IMF, said that since early October, private creditors had largely been keeping their funds in the country. He said the Brazilian government would meet them and ask for their co-operation in "a reasonable request".

Carlos Kawai, chief economist at Citibank in São Paulo, said: "The fear of burden sharing was making banks even more conservative. Now they might be more confident and restore some of the credit lines that have been cut."

Paulo Leme, economist at Goldman Sachs in New York, said Brazil had \$37bn in short-term foreign loans that would expire over the next year. He also estimated Brazil would need to raise a further \$10bn in international capital markets to finance its current account deficit.

Economists said the package held few surprises. But confidence would be boosted because \$9bn of the loan would be immediately available.

Shares on the São Paulo stock exchange rose 1.2 per cent by late afternoon, while prices of Brazilian Brady bonds also increased 1.3 per cent.

News General

US attacks Japan's leadership

The US sharply criticised the Japanese government for its lack of leadership in trade talks before next week's summit of the Asia Pacific Economic Co-operation forum in Kuala Lumpur. Tensions between the two countries are rising over measures to aid troubled Asian countries. Page 4

EU criticised for mismanagement of budget

The European Union will be attacked next week for mismanagement in its multi-billion dollar budget, with its own spending watchdog warning that 5 per cent of payments last year - worth \$5bn - may have involved errors. Page 2

Braveheart and the fund managers

Once Edinburgh was one of the world's great financial centres. Its banking history dates back to the 17th century and from the Scottish capital money flowed to finance the expansion of the British empire. Now the Scottish fund management industry is in trouble. Figures published by Scottish Financial Enterprise show total funds managed in Scotland fell last year, in spite of rising stock markets. Page 11

The doomsday scenario

Aeroplane will plummet from the sky and nuclear reactors will explode. Traffic and hospitals will seize up. So will the world financial system. And, of course, the phones will be down. Such will be the effects of the millennium bomb. But it may not be like that at all. People in the developed world will be affected, but only in irritating ways: devices will develop petty malfunctions - video recorders, timers, even home computers. But life will go on. Page 11

Man in the News

Carl Lindner

The publicity-shy banana baron behind Washington's trade offensive against the European Union. Page 7



News Business

Internet company dazzles Wall St

The speculative frenzy surrounding Internet stocks rose to a new level on Wall Street yesterday as shares in theglobe.com jumped to more than 10 times their \$9 offer price on their first day of trading. The company has only 83 employees and designs on-line chat rooms and other Internet "community" sites. Its initial public offering comprised 3.1m shares. Page 28; FT Money, Page 2

ABB admits image hit by insider trading

ABB, the international engineering conglomerate, vowed to stamp out insider trading among its staff after inadvertently admitting its image and brand name had been harmed by such incidents. The move follows the dismissal this month of two ABB managers, who were accused of using inside information to profit from ABB's recent \$1.5bn acquisition of Eltag Bailey, the New York-listed process automation company. Page 28

Eni chief set for switch to Telecom Italia

Franco Bernabè, chief executive of Eni, the oil and gas conglomerate that is Italy's biggest company, is set to become the new chief executive of troubled Telecom Italia, the second biggest. Page 28

European markets quieten down after October rally

European shares enjoyed a quiet day of trading yesterday, with investors rather lost for a lead amidst the impression that October's rally had run out of steam. The FTSE Europe 100 index gained 5.73 to 2,475.76. Oil stocks provided some of the best performers, with investors speculating that a US attack on Iraq would provoke a spike in the crude price. Bonds, Page 12; Currencies, Page 13; World stocks, Pages 24-25; London stocks, Page 21

Metro plan IPOs of unwanted businesses

Metro and Deutsche Bank plan initial public offerings "within two or three years" of up to six of the companies being divested by Metro, the German group that is Europe's biggest retailer said. Page 27

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WORLD NEWS

Lafontaine stresses jobs and growth

By Ralph Atkins in Bonn

Oskar Lafontaine, Germany's finance minister, yesterday stepped up pressure on Europe's central bankers to direct monetary policy towards supporting economic growth and job creation, as official statistics showed the first fall in German exports for more than two years.

The 2.9 per cent drop in exports in September compared with the same month a year before was blamed by the federal statistics office in Wiesbaden on the economic problems of south-east Asia, Russia and South America. Exports have largely powered Germany's economic recovery.

Imports also fell in September, by 0.6 per cent compared with a year before.

Separately, the economics ministry predicted that gross domestic product figures for the three months to September would show a rise of between 0.5 and 1.0 per cent compared with the previous quarter. But reflecting the worries building in Bonn over the impact of international economic developments, the ministry warned an "overcast" world outlook could hit German economic activity this winter.

Mr Lafontaine's comments in the Bundestag, or lower house of parliament, followed his meeting last week with the Bundesbank in Frankfurt and suggested he had no intention of letting up in his calls for a cut in interest rates.

Mr Lafontaine, who visits Rome, London and Washing-

ton next week, stressed again that the new Social Democrat-led government was not challenging the independence of the Bundesbank or the new European Central Bank.

But pointing to figures this week showing inflation had almost disappeared in Germany, Mr Lafontaine said: "To the extent that price stability is secured, monetary policy is required to support growth and employment as well."

Germany, he said, was looking to tackle unemployment "more and more at the European level". The US had successfully coupled fiscal and monetary policy to create steady growth and jobs. "What is stopping us having such an agreement, not just at national but at the European level in the future?"

Mr Lafontaine was presenting to parliamentarians his corporate and personal tax reform package, envisaging a net giveaway of about DM15bn (\$9bn) from 2002, which he described as only one of the "bundle of measures" needed to cut Germany's high unemployment total.

A bigger giveaway would not have been possible, Mr Lafontaine insisted, without eroding public infrastructure. But he was looking for greater social "justice" through "worker- and family-friendly" reforms. Responding to criticism of plans to tighten corporate tax relief, Mr Lafontaine said industry lobbies wanted "US tax rates and German depreciation rules. That is not on. It is dishonest."

ABDULLAH OCALAN TURKEY PRESSES FOR THE EXTRADITION OF PKK CHIEF FROM ROME

Italy arrests Kurdish rebel

By Christopher de Bellaigue in Ankara

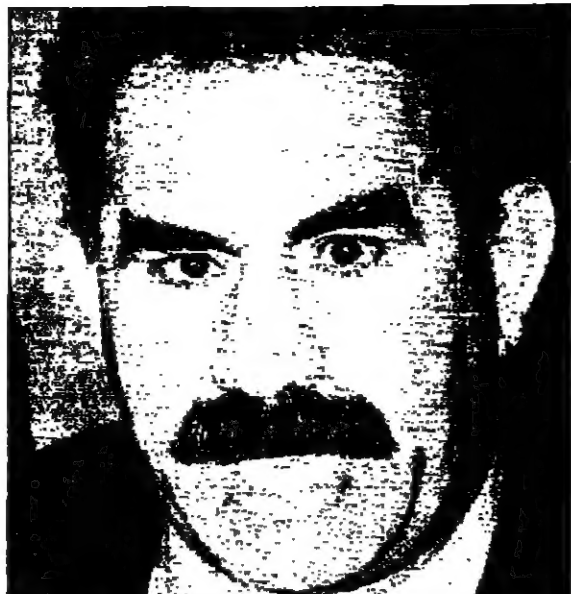
Abdullah Ocalan, the main architect of armed Kurdish nationalism in Turkey, has been arrested in Rome by Italian police.

Lamberto Dini, Italy's foreign minister, confirmed that Mr Ocalan, Turkey's most wanted man, had been arrested on Thursday night while trying to enter Italy from Russia, where he had made an unsuccessful asylum request.

Mr Ocalan's Kurdish Workers' Party (PKK) has fought the Turkish army for the past 14 years in a war that has cost 30,000 lives.

An Italian police spokesman said that Mr Ocalan had been arrested in order that he might be extradited to Turkey. Turkey's ambassador to Rome delivered a formal request for Mr Ocalan's extradition.

Evaluating its chances of success, Mesut Yilmaz, Turkey's prime minister, said he hoped that Italy would not "adopt an incorrect position on a subject that is a matter of vital interest to Turkey".



Ocalan: unsuccessful bid for asylum in Russia

AP

In September, Italy enraged Turkey by giving permission for the "Kurdish parliament-in-exile", a PKK front, to meet in Italy's parliament building.

Last night the PKK had yet to concede that Mr Ocalan had been arrested at all.

According to DEM, the unofficial PKK news agency, Mr Ocalan arrived in Rome "with the knowledge of the Italian government, and applied for asylum".

Mr Ocalan's arrest comes against a backdrop of Turkey's intensified diplomatic

offensive against the PKK, which the Turks fear is winning the sort of international recognition that the Palestine Liberation Organisation has long enjoyed.

Early last month, sustained Turkish pressure forced Syria, Mr Ocalan's intermittent base since the early 1980s, officially to cut support for the PKK. Turkey has since concentrated on persuading Russia to refuse Mr Ocalan asylum.

Mr Ocalan's arrest comes as a potentially fatal setback for the PKK, where his tight control in military and political spheres has left the organisation without an obvious successor to its founder and inspiration.

Earlier this year, Turkish soldiers captured Semdin Sakik, Mr Ocalan's deputy, from his redoubt in northern Iraq. Since then, Turkey has claimed that the PKK, which has a reputation for iron-hard discipline, has been beset by infighting. Turkey says it has killed more than 65 guerrillas in a week-old cross-border operation aimed at PKK militants sheltering in northern Iraq.

EU mismanagement under fire

By Neil Buckley in Brussels and Rainer Jacob in London

The European Union will be sharply criticised next week for mismanagement in its multi-billion dollar budget, with its own spending watchdog warning that 5 per cent of payments last year - worth \$5bn - may have involved errors.

In a report to be presented to European Parliament members on Tuesday, the Court of Auditors issues an indictment of an array of errors of omission and com-

mission in the Ecu50bn (\$64bn) budget.

Although it says the EU accounts are, overall, reliable, it says the level of mistakes and uncertainties means it must issue a qualified opinion on the accounts, and an "adverse opinion" on the legality of payments. Although the error rate is down from 5.9 per cent in 1995 and 5.4 per cent in 1996, the report says last year's level was unacceptably high.

The report highlights:

■ A tendency among EU states to claim more than

they were entitled to in structural funds.

■ Exaggeration by farmers of arable and set-aside land on their farms to inflate their share of EU subsidies.

■ Over-generous compensation of farmers of durum wheat - essential ingredient for pasta - in southern Europe, who received Ecu5bn more between 1994 and 1997 than if subsidies had been at a similar rate as those for farmers growing oilseed or maize.

■ Irregular practices, lack of transparent accounting, and

computer systems that cannot talk to each other, in the farm payments system.

■ Efforts to reduce EU fishing fleets that were much "less impressive than they seem", with 90 per cent of the vessels receiving grants already inactive or fishing outside EU waters.

■ Inefficient management of aid to eastern Europe and the third world, with the European Commission having insufficient staff to run programmes, and creating ad hoc bureaucracies to do so.

Russia's Communists tainted with anti-semitism

By Arkady Ostrovsky in Moscow

The Russian political scene was convulsed this week by a blistering row over anti-semitism pitting the Communist party against the media barons.

The row erupted when the Communist-dominated parliament refused to censure Albert Makashov, an ultra-nationalist Communist general, who had proposed eliminating the Jews.

Gen Makashov referred to Jews as "Yids" and "blood-suckers" and promised "to take at least 10 Yids" with him into the other world. Later he said there should be

special quotas for Jews in the government. His comments coincided with the 80th anniversary of the Kristallnacht or the first mass Jewish pogrom in Nazi Germany.

Anti-semitism is not a new phenomenon in Russia for millions of Jews who have memories of pogroms in pre-revolutionary times and semi-official discrimination by successive Communist governments. But political observers argue that the latest attack has dispelled any illusions about the true colours of the Communist party, which had sought to portray itself as a party

of social democrats. Alexander Bovin, a leading political commentator, wrote: "We must thank Genady Zyuganov [leader of the Communist party] for showing his real face and the face of the Communist party".

Political analysts argue that Mr Zyuganov's failure to condemn his comrade will cost the Communists many votes in the next presidential election.

Mr Zyuganov, who often shared a public platform with Gen Makashov and other ultra-nationalists, belatedly described the general's remarks as "inappropriate and incorrect" but

blamed the media, such as NTV - a commercial television channel owned by the president of the Russian Jewish Congress - for exaggerating the issue.

Mr Zyuganov's lukewarm response after meeting the Israeli ambassador to Moscow failed to convince liberals, who questioned the sincerity of a man who considers Josef Stalin one of his political heroes.

According to VTsIOM, the leading opinion polling agency, 64 per cent of Russians do not want a Jew as president of their country, while 34 per cent believe the number of Jews in top posi-

tions should be limited.

Boris Yeltsin, the ailing president, ordered the federal security service (FSB), the successor to the KGB, and the interior ministry to crack down on extremism.

Vladimir Putin, head of the FSB, said yesterday he would ask the state prosecutor to press charges against Gen Makashov and ask the parliament to strip him of parliamentary immunity.

Liberal politicians and Boris Beresovsky, a controversial Jewish businessman tycoon with a large stake in the national ORT TV channel, have called for Mr Zyuganov's party to be banned,

but Mr Yeltsin, who banned the Soviet Communist party in 1991, yesterday rejected these calls. "If ideas are destined to die, they die on their own. You can't shoot ideas," said Mr Yeltsin's spokesman.

Reuters adds from Moscow: Russian Interior Ministry forces freed President Yeltsin's special envoy to the rebel region of Chechnya yesterday, more than six months after he was seized by unidentified kidnappers. The interior minister, Sergei Stepashin, said no ransom had been paid for the envoy, Valentin Vlasov, who flew to Moscow yesterday morning within hours of his release.

NEWS DIGEST

KING BRINGS ABOUT PEACE DEAL

Cambodian rivals agree to form coalition

Cambodia's warring political parties yesterday agreed to form a coalition government in a surprising and complex deal brokered by the country's monarch, King Norodom Sihanouk. In less than 24 hours of talks that broke a three-month deadlock since July elections, the opposition FUNCINPEC party, led by Prince Norodom Ranariddh, agreed to let the election victor, Hun Sen, serve as sole prime minister. Mr Hun Sen ousted Prince Ranariddh from the premiership in a July 1997 coup.

Prince Ranariddh will be speaker of the National Assembly. Chea Sim, deputy leader of Mr Hun Sen's Cambodian People's party, will head a newly created Senate, to be appointed initially by the King. Mr Hun Sen will also allow the King to declare an amnesty for five allies of Prince Ranariddh who are in exile or in the Cambodian jungle. The country's other opposition party led by Sam Rainsy did not take part in the talks but Mr Rainsy said he supported the agreement. Ted Bardeack, Bangkok

MEXICAN BUDGET

Austerity measures face test

Mexico's government sent an austere budget package to Congress yesterday. The proposals are likely to have a rough ride through a deeply divided lower house. They included unpopular measures such as higher petrol prices, a 15 per cent tax on telephone bills, and increases in income tax for wealthy Mexicans. They also included some tax credits to business.

The government opted for spending cuts of 0.5 per cent of gross domestic product, or \$2.5bn, in addition to almost \$4bn of cuts this year because of low oil prices. "We have cut spending to the bone," said Martin Warner, deputy finance minister. The government inflation target is 13 per cent next year and 10 per cent in 2000. It expects GDP growth in 1999 to fall to 3 per cent from a projected 4.8 per cent this year. Henry Tricks, Mexico City

FALKLAND ISLANDS

Menem appeals to islanders

Argentina's President Carlos Menem has written a conciliatory letter to the inhabitants of the Falkland Islands, stepping up his country's "charm offensive". The letter follows Mr Menem's official visit to London last month in which he reiterated Argentina's claim to the islands, over which Britain and Argentina fought a brief war in 1982.

Addressing the islanders as "sisters and brothers", the letter emphasises reconciliation as "the road necessary to heal old wounds opened by the regrettable 1982 war". Argentina was "a country growing in democracy and a brotherly and reliable partner for its neighbours in the region". The letter does not raise the sovereignty issue. Richard Ralph, the islands' governor, welcomed Mr Menem's move but reiterated the islanders' right to self-determination. Guido Di Tella, Argentina's foreign minister, has sent cards and Christmas gifts to the islanders. Ken Warn, Buenos Aires

EU SINGLE CURRENCY

Banknotes forgery warning

The introduction of the European single currency in 2002 will carry a high risk from forged banknotes unless the European Union increases its efforts to fight forgers, a senior European central banker said yesterday.

Serge Berthoinot, treasurer of the National Bank of Belgium, said anti-counterfeiting measures planned by the European Central Bank would not be effective unless the roles of organisations such as the European Commission and Europol, the EU police force, were clarified and members states stepped up co-operation over information-sharing and law-enforcement. John Mason, Brussels

GOVERNMENT PULLS OUT

Budapest anger over metro

The city of Budapest is to take legal action against the Hungarian government in an escalating conflict over construction of a fourth underground metro line for the capital. The centre-right government of Viktor Orban, the prime minister, said last week it was pulling out of the project because it could no longer be afforded. Gabor Demaszky, mayor of Budapest, said the government was "punishing Budapest" because voters had failed to support it in last month's local elections. He said the withdrawal violated contracts between the city, the government and European Investment Bank, which has agreed a Ecu200m (\$232m) loan. Kevin Done and Kester Eddy, Budapest

SPANISH ECONOMY

Inflation edges up

Spain's year-on-year inflation rate edged up to 1.7 per cent in October from 1.6 per cent the previous month, according to the national statistics institute. But the government said the figures were still within its target for the year, which it recently revised downwards from 2.1 per cent to 1.9 per cent. The figures followed a sharp fall in the annual rate in September. David White, Madrid

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OVER-REGULATION OUTCRY CONSUMERS FEEL KAISER-ERA RULES ARE UNNECESSARY AND ANTI-COMPETITIVE

German laws keep shopping low-key

By Graham Bowley in Frankfurt

There's a law for most things in Germany, as Land's End is discovering.

A German court has ruled that the US company's trademark offer of a life-time guarantee for its mail-order clothing is *verboten* under competition laws dating back to the time of Kaiser Wilhelm earlier this century. The laws, which forbid shops to offer excessive price cuts or free gifts to customers, were originally designed to protect shoppers and small businesses. Legislators feared customers would be confused by special offers or tempted to buy goods they would not otherwise have looked at. Small shops, on

the other hand, might unfairly lose out because they could not afford the same services as bigger rivals.

But the case has triggered an outcry in Germany about the country's over-regulated society. Consumer groups say modern shoppers are far more sophisticated than their forebears and can look after themselves.

Retailers worry that the rules are hindering much-needed improvement in Germany's notoriously poor services sector. And there is the added concern that some companies may be exploiting the laws to stamp out healthy rivalry.

"We respect a country's culture, but still you have to

ask why?" said Steve Beech, managing director of Land's End in Germany, which is now appealing to Germany's supreme court.

"We ship to 175 different countries but this is the first time that we have had any problems like this. There's the suspicion the law is being used by our competitors to restrict competition."

A television programme declared the laws were "an ineradicable result of Germany's undemocratic legal tradition".

A pharmacy in Düsseldorf was recently prevented from handing out to shoppers cloth shopping bags - rather than plastic ones - because these were deemed to be a "legally forbidden gift".

A bed shop in Bielefeld tried to offer a five-year guarantee on its mattresses before the courts intervened. And a vegetable store in Saarland was served with an injunction after it offered a 10 per cent discount to pensioners.

Rainer Munker, head of the Centre for the Fight against Unfair Competition, a private organisation which represents companies and which brought the legal complaint against Land's End, dismisses such guarantees as an expensive "marketing instrument" - and "customers in the end will have to pay for them through higher prices".

"The laws were introduced because they were afraid

people might be misled, that they would be tricked into buying something they did not want to buy," explains Ansgar Ohly of the Max Planck Institute in Munich.

"Less explicitly, it protects smaller companies from the big players in the market. But there is discussion in Germany about whether this is over-regulation and whether these laws should be abolished," he said.

The country's yen for order leads to some absurdities. Children joining in traditional St Martin's Day celebrations earlier this month would first have been forced to register with the local police as a "demonstration" before they paraded through the streets with lanterns.

Avoid business trip ups.

The FT Business of Travel Survey. Published Thursday November 19.

This special broadsheet survey focuses on the busy schedule of the business traveller from the pros and cons of cheap travel to the latest developments in air travel and hotels. There will also be a regional guide to Western Europe, a look at travel in the future and interviews with seasoned travellers who reveal their business travel tips and experiences. So to avoid future business trip ups, see the FT Business of Travel Survey, published this Thursday.

FINANCIAL TIMES
No FT, no comment.

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صباحنا من الامل

IRAQ WEAPONS CRISIS

THE TARGETS SADDAM HAS REBUILT MUCH OF HIS CONVENTIONAL WEAPONRY SINCE THE GULF WAR. THE US WILL TRY TO TAKE IT OUT AGAIN

Air strikes will aim to cause lasting damage to Iraq forces

By Alexander Nicoll, Defence Correspondent

Iraq's military machine may be much less formidable than the one on which allied air power was unleashed in 1991. But it is still powerful and presents many targets for attack.

As television footage showed during the Gulf war, considerable devastation was caused by the 1991 air campaign. For example, the Pentagon said 2,750 sorties by allied aircraft damaged at least 50 per cent of Iraq's conventional weapons factories, making small arms, artillery, ammunition, electronic and optical systems, and repaired armoured vehicles.

Since then, President Saddam Hussein has poured considerable resources into rebuilding this conventional capability while obstructing United Nations efforts to deprive him of non-conventional weapons.

However, assessments of his military power are little more than guesswork for all except those who analyse

intelligence gathered by spy planes and satellites.

In theory, Mr Saddam can call on 850 combat aircraft, 2,700 tanks and a substantial air defence system. In practice, he has been considerably hindered by his inability to modernise and replenish stocks of equipment by making new purchases or buying spare parts.

According to the International Institute for Strategic Studies, all Iraq's army divisions except the elite Republican Guard are operating at 60 per cent combat effectiveness.

The institute puts the serviceability of the air force's combat aircraft at 55 per cent, and estimates senior pilots have been getting only 90 to 120 hours of flying time per year and junior pilots only 20.

Even at this reduced capability, the Iraqi army and air force are substantial and would have many depots of tanks and other armoured vehicles, aircraft and air bases, command posts, communications systems and barracks which could be tar-

geted by US air power.

Paul Beaver of Jane's Information Group says that considerable repair work has been done on tanks and that there is evidence of Iraqi aircraft being upgraded with Serbian help.

Of greatest interest for the conduct of an air campaign is air defence, of which Iraq has a substantial network of guns and missiles which is believed to be still quite effective. However, since the US is not contemplating full-scale war against Iraq, combat capabilities of most Iraqi forces are not immediately relevant.

The real aim of air strikes would be to prevent the possibility that, as soon as UN monitoring is relaxed and restrictions on movements by the Iraqi military lifted, Mr Saddam could move rapidly to rebuild his forces so that they could again pose a considerable threat to surrounding countries.

Thus, air strikes are likely to be intended to cause lasting damage to military capabilities whatever their current state of readiness.

The US and UK are hoping that Mr Saddam will find his power base in the army undermined by crippling damage to military facilities, though this argument is viewed with scepticism especially by those who see the exercise of air power alone as having limited value.

Air strikes are likely to incorporate considerable efforts to target remaining stocks of chemical and biological weapons and Iraq's capability to recombine producing them.

The Pentagon's view on biological weapons, on which Iraq had an advanced programme, is that "despite coalition bombing, Uncom destruction, and UN sanctions and monitoring, Iraq may retain elements of its old programme, including some missile warheads".

On chemical weapons, it says Iraq "probably has hidden precursor chemicals, agents, munitions, (and) documentation for future effort". Iraq could restart agent production and have a small useable stockpile within months.

Iraq forces

All figures are estimates. Total manpower available 1.0m: Army 375,000, air force 35,000, navy 2,000, air defence command 17,000, paramilitary 45,000-50,000, reserves 650,000.

Army
3 armoured divisions, 2 mechanised divisions, 12 infantry divisions (all estimated to be at 50% combat effectiveness), 4 commando brigades, 2 special forces brigades, Republican Guard Force 2 armoured divisions, 3 mechanised divisions, 1 infantry division, Special Republican guard force: 4 brigades.

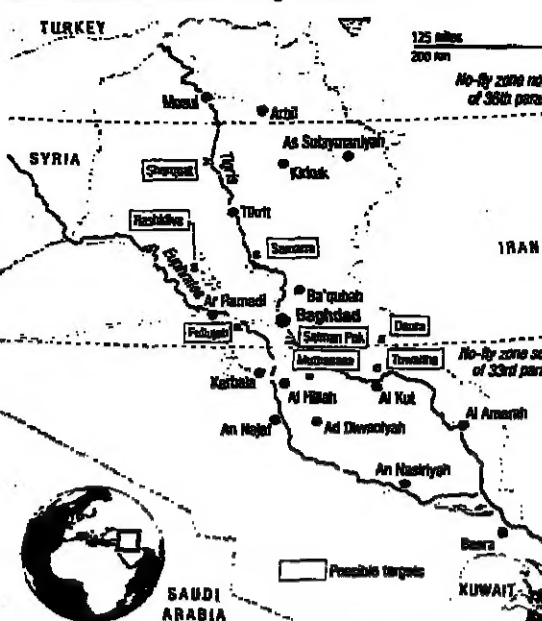
Land systems
Equipment: 50% of equipment lacks spare parts. 2,700 main battle tanks including T-54, T-55, T-72 and T-62, 900 armoured infantry fighting vehicles, 2,000 armoured personnel carriers, 1,800 towed artillery, 150 self-propelled artillery, 150 multiple rocket launchers, up to 6 Scud missile launchers, mortars and anti-tank weapons.

Air Force
About 350 combat aircraft including MiG-21, MiG-23, MiG-25, MiG-29, Su-7, Su-20, Su-25, Mirage, Transport, training and tanker aircraft. Air-to-surface and air-to-air missiles.

Air defence command
About 5,000 air defence guns. Surface-to-air missiles including SA-2/3/4/7/8/9/13/14/16 and Roland.

Chemical/biological weapons
Believed to have some remaining stocks.

Gulf forces: how they stand



US forces

The US has 23,500 troops in the Gulf, including 14,300 soldiers and Marines, 5,600 Air Force, and 2,600 sailors, and headquarters and other units with 1,000 people. There are 173 aircraft and 23 ships. Substantial reinforcements are on the way. Figures exclude forces in Turkey.

Aircraft
173 (including those on Eisenhower), rising in coming days to 312 following

UK forces

1 aircraft carrier, Daring class, crew of 6,000, 70 combat and support aircraft (to be replaced by USS Enterprise with a further 70 aircraft, though it is possible the two carriers could overlap for a while).

Destroyers capable of carrying cruise missiles: Ardent, Ardent, Cape St George, Fletcher, Hopper, Paul Hamilton, crew of 340-400 each.

1 amphibious transport dock, crew of 150, cruise missile capable.

1 frigate: Carr, crew of 200, with guided missiles.

1 mine countermeasures ship: Dorian, crew of 90.

Amphibious assault ship: Essex, Anchorage and Dutch carrying 2,000 marines, five tankers and 24 helicopters between them.

1 helicopter carrier: Bellerophon, sailing towards the Gulf. Several more ships on the way with Enterprise, including mine missile launchers, a destroyer and a supply ship, and with Bellerophon.

Army
1,500 in Kuwait, 3,000 more on way. Additional Patriot missile battalions on way.

Royal Navy
Frigates: Cumberland, Griffin and one support vessel.

Royal Air Force
Fighters: 18 Tornados, 4 Jaguars, 2 tankers, 500 military personnel in Kuwait.

Source: US Defense Department, UK Ministry of Defence, Jane's Defence, and other sources. International Institute for Strategic Studies.

WORLD OPINION FIRMLY ON THE SIDELINES

Little prospect of diplomatic solution this time

By Robert Graham in Paris and Mark Hubbard in Cairo

France yesterday led continental European countries in refusing to give open backing to US military action against Iraq.

In Paris, foreign ministry officials said Iraq could still avoid a military confrontation by taking the diplomatic initiative. But they held out little hope that the Iraqi regime would give way on weapons inspections.

France has carefully avoided any statement that supported US military action in Iraq. This underscores the view of both the Jospin government and President Jacques Chirac that military strikes risk creating more problems.

A concern of France is that a further weakening of the Iraqi regime could lead to the break-up of Iraq itself. However, unlike the previous crisis in February - resolved in good measure through French and United Nations diplomacy - Paris recognises that Iraq's President Saddam Hussein has burned his diplomatic bridges. This has left virtually no room for France to offer its good services and weakened any mediating role Russia might seek to play.

During the February crisis, France publicly opposed the use of force and criticised British backing for Washington. This time France has voiced no such direct opposition.

Arab states too have remained passive in the face of the US military build-up.

Saudi Arabian and Egyptian opposition to air strikes nine months ago forced the US and Britain to accept a breathing space for Kofi Annan, UN secretary general, to negotiate access by Uncom inspectors to Iraqi presidential sites. During the same period Mr Saddam received six written messages from Hosni Mubarak, the Egyptian president, urging him to compromise.

Simultaneously, Iraq sent senior officials throughout the region to garner opposition to threatened US and British action. Once Saudi Arabia had made it clear that it would not allow US warplanes to use Saudi Arabian bases from which to launch strikes in February, Iraq realised it had a strong hand to play in negotiations.

But this time Arab states appear as exasperated with the Iraqi regime as the US and Britain. Arab leaders also appear ready to risk upsetting regional public opinion, which in February the Egyptian leader said strongly opposed air strikes and could not be ignored.

Iraq has done little to win the support of other Arab states since it ended co-operation with Uncom on October 31, despite Arab worries over the consequences for regional stability of military action.

Iraq's refusal to abide by the February agreement, which Arab pressure helped facilitate, now appears to regional leaders a further example of the already isolated Iraqi regime taking its Arab neighbours for granted.

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TRADE TALKS TENSIONS BETWEEN THE TWO COUNTRIES INCREASE ON THE EVE OF THE APEC SUMMIT MEETING IN KUALA LUMPUR

US assails Japan for lack of leadership

By Michio Nakamoto and
Gillian Tett in Tokyo and Peter
Montagnon in Kuala Lumpur

The US yesterday sharply criticised the Japanese government for its lack of leadership in trade talks before next week's summit of the Asia Pacific Economic Co-operation (Apec) forum in Kuala Lumpur.

Tensions between the two countries are rising sharply over measures to aid troubled Asian countries. Bill Clinton, the US president, has sent a letter to Keizo Obuchi, the Japanese prime minister, calling for Japan

to participate in trade liberalisation being negotiated at the Apec meeting, and noting that the US has seen massive, low-priced steel imports from Japan.

The US trade representative, Charlene Barshefsky, hit at Tokyo for its failure to promote liberalisation and said the US "is growing increasingly impatient" with Japan's refusal to cut tariffs for fisheries and forest products.

In a meeting with Kaoru Yosano, Japanese trade minister, Ms Barshefsky also said she was "surprised" that Japan was not making

efforts to promote liberalisation efforts in the region.

Ms Barshefsky said Japan was discouraging other Apec members from joining the Early Voluntary Sectoral Liberalisation programme, which calls for the opening up of nine trade sectors by 2005 and said Japan was exporting its way out of recession.

The rise in bilateral tensions threatens to extend beyond trade issues to a Japanese plan to provide \$300m in aid to troubled Asian countries. The so-called "New Miyazawa Initiative", unveiled last month by the

finance minister, Kiichi Miyazawa, envisages that Japan would use up to \$15bn for short-term funding to help Asian countries recover and a further \$15bn for medium to longer term needs, including loans by the Japan Export-Import Bank.

However, the "New Miyazawa Initiative" could be hijacked by the US during the Apec meeting, where President Clinton is expected to unveil a US plan for troubled Asian countries to restructure corporate debt by issuing sovereign bonds backed by multinational organisations and govern-

ments, such as Japan.

The deepening row between the US and Japan shows signs of splitting the 21-nation Apec meeting. Asian nations which stand to benefit from Japan's assistance package said they were prepared to accept Japan's position on forest and marine products even though it would mean failure to agree full liberalisation of all nine sectors under discussion at the summit.

Domingo Siazon, Philippines foreign minister, said that, while everybody wanted a full dollar, 70 cents was better than nothing.

while the US position won short shrift from Rafidah Aziz, Malaysian trade minister. "I'm sad that all fingers seem to be pointing at just one particular country, for example, Japan, and say Japan is holding everything back. It's not."

But Don McKinnon, foreign minister of New Zealand, which will host next year's Apec meeting, said the influence of Apec could decline if it failed to reach full agreement on liberalisation of the nine sectors. Australia has also been sharply critical of Japan's stance in recent days.

Malaysia bank chiefs face sack unless they lend

By Sheila McNulty
in Kuala Lumpur

Bank Negara, the Malaysian central bank, is threatening commercial bankers with dismissal if they fail to meet lending targets - regarded as unrealistic and potentially destabilising - in a desperate attempt to pull the economy out of recession. Confidential documents and banking officials have revealed.

One document, dated October 22, warns: "The chairman and chief executive officers of banking institutions will be held accountable for their respective banking institution has not shown any serious commitment to meet the 8 per cent loan growth target."

Bankers say the governor, Ali Abul Hasan Ali Nadwi, went further in person, warning that those who failed to extend enough loans would be sacked. "I imagined Mahathir was in front of me as the governor spoke," says a banker, referring to Mahathir Mohamad, the prime minister.

After 17 years as premier, Dr Mahathir expects to have his way - he accepted the resignation of the previous bank governor for objecting to his decision to impose capital controls. But banking sources, who demanded anonymity fearing retribution, say it is impossible for many of the 36 commercial banks to meet that lending target amid Malaysia's recession.

They attribute the increasingly tough approach to the pressure Dr Mahathir is under to revive business and produce a turnaround in the economy. He must prevent a deepening of the recession to avoid exacerbating the backlash that arose when he seized the finance ministry portfolio from his former deputy, Anwar Ibrahim.

To keep widening dissent under control, the prime minister is resorting to what one source called "management by fear".

Bankers say that unless the authorities use creative calculations (such as plans to count non-performing loans sold to the government restructuring agency as still on their books), loan growth will not rise to 8 per cent by year's end from the 4.5 per cent reported in September.

Given Bank Negara's threats, some must, therefore, decide between being forced out by the central bank if they maintain lending caution and being sacked by shareholders if they become too lenient.

Only six banks - most of them foreign - have loan growth exceeding 10 per cent, bankers say. About the same number have loan growth between 5 and 8 per cent. Many others simply are not in a position to lend.

Dr Mahathir sought to make bankers more confident by changing the classification of a non-performing loan (NPL) to one in default for six months, instead of the internationally recognised three months. But it has not worked.

"Changes to the classification of bad loans have reduced the headline NPL figure, but the problem remains, making banks unwilling to extend fresh loans," according to Barclays Capital researchers in Singapore. The government even reduced to M15bn (US\$4.5bn) from M25bn the amount it says is needed to remove the NPLs from the system, as if systemic risk has been contained.

But the banking system went into the regional financial crisis burdened by domestic debt at 170 per cent of gross domestic product - one of the highest ratios in the world. The recession is inducing defaults that economists project will eventually claim more than a third of all loans.

Dr Mahathir has vehemently refused to seek assistance from the International Monetary Fund as his own recovering neighbours did. He is tapping Petronas, the national gas company, and the national pension fund.

But bankers insist Malaysia needs outside funds. That explains why Dr Mahathir agreed to stop criticising Singapore, his longstanding rival, in exchange for assistance. He has also asked Japan and Brunei for help.

Bankers say they cannot count on the central bank's new team to relieve the pressure on them. After the resignation of the stridently independent governor Ahmad Don, Dr Mahathir appointed a non-banker as governor.



Street battles: A demonstrator fires a sling-shot during violent clashes in Jakarta yesterday over demands for political changes Reuters

Nine die in Jakarta clashes over slow pace of reforms

By Sander Theones in Jakarta

At least nine people died and scores were wounded in Indonesia's capital yesterday, sparking fears of chaos and a recurrence of May's riots as students vented their anger at the slow pace of political reform.

About 20,000 students and youngsters from nearby slums pelted soldiers with chunks of concrete and petrol bombs in the city's business centre. Police fired rubber bullets into the crowds and tossed back rocks.

Youngsters beat to death two pro-government protesters. Troops in turn fatally beat and shot seven students and wounded dozens more. A journalist was shot in the

back. Students were outraged by the People's Consultative Assembly, the highest legislative body, which wrapped up a four-day special session yesterday without meeting any of their demands.

Students had called for dismissal of the assembly's members, mostly appointees of former president Suharto, a trial of Mr Suharto and the removal of the military from parliamentary and government posts.

The assembly had earlier appeared ready to move some way to meet the last two demands but ended up calling merely for an investigation of Mr Suharto and a reduction of the military's seats in parliament.

Yesterday's clashes could challenge President B.J. Habibie's hold on Indonesia but nobody in the elite showed any eagerness to take his place. Although a group of retired generals called for a provincial government, they are relatively weak and the three main opposition leaders have been content to focus on campaigning for general elections next year.

Some have accused General Wiranto, chief commander of the armed forces, of provoking this week's violence to create an excuse for military rule. But most analysts and diplomats said his position was far too weak inside the armed forces, and his army too unpopular, for

such a move to succeed.

In parliament, the military still proved strong. It blocked radical proposals to do away with all its seats by 1999 or to consider phasing them out. Indira Somo, a political analyst, said that delegates, many of them retired officers, were eager to gain voters' support but also wary of pushing out the military too quickly.

But the armed forces suffered a setback this week in their efforts to regain popular support. There was outrage in Jakarta when armed civilians, many of whom admitted being paid to demonstrate, were given free rein to provoke clashes while students were kept far from parliament.

Climate conference skirts contentious issues

By Vanessa Houlder
in Buenos Aires

Delegates at the United Nations conference on climate change last night postponed contentious decisions on international efforts to combat global warming.

Delegates were locked in tense negotiations at the Buenos Aires summit on implementing the legally binding greenhouse gas emission cuts agreed at Kyoto last year.

Stuart Eizenstat, head of the US delegation, said the summit had achieved "a very significant moment", but there were "daunting challenges" ahead as countries tried to define rules for emission cuts.

Mr Eizenstat said he was encouraged by several developments, such as a shift in the attitudes of US business towards climate change and a change of heart on the part of developing countries to "flexible mechanisms"

designed to reduce the cost to industrialised countries of reducing emissions.

He said the announcement by Argentina and Kazakhstan that they would curb emissions was particularly significant. It was exactly the kind of participation that the US was looking for before trying to get last year's Kyoto deal ratified in Congress.

Environmental groups criticised "lack of progress" at the summit. Greenpeace,

the environmental pressure group, was "profoundly disappointed" and said the conference was likely to achieve little.

The UN summit appeared set to reach agreement on several issues, including compliance mechanisms and an interim scheme for transferring "green" technology to developing countries. But delegates were at odds over whether to set deadlines for the agreement of many important details of the

Bangkok's women caddies make war on city park plan

Ted Bardacke tees off with golf course workers who are adopting guerrilla tactics to save their jobs in the Thai capital

ek, a 26-year veteran of central Bangkok's Chatuchak golf course, is an expert reader of distances, angles and hazards. This week she and her caddie colleagues have been using their skills for something a little more serious: crouched in a bunker armed with a slingshot, they have launched rocks at city officials and their police escorts who are trying to turn the course into a public park.

Benefiting from this expert protection - four police officers were injured by projectiles earlier this week - golfers continue to ply the fairways even though the course was officially closed a week ago and transferred from the State Railway of Thailand (SRT) to the Bangkok city government. Collecting a green fee "donation" and working for tips, the caddies are maintaining the course and opening up their blockade of the course entrance for any hacker willing to duck as well as duff.

"We will not let the course close unless the King says it's OK to close it," says Chat Tansuwan, leader of the 428 caddies trying to save their jobs. They have petitioned the country's revered monarch to overturn the decision to turn the 800,000 sq ft course into the city's largest public park.

"Come back tomorrow. We'll still be open," Mr Chai says cheerfully. "You need work on your short irons."

Normally such a farcical situation would be dismissed as an amusing quirk in golf-mad Thailand. But in these days of economic crisis when the Thai government is trying to convince the populace of the need for short-term private sacrifice in the interest of long-term public gain, the unresolved clashes between middle-aged women golf caddies and city fathers are given added meaning.

There is little doubt Bangkok needs more parks. Even after the course becomes a park, east Asia's most polluted city will have less than one sq metre of open space per person, compared to an "international standard" of at least four sq metres, says Somkarn Suetrakul, the city official leading the park conversion project. He says packing the fairways with native trees will give Bangkok a vital new "lung".

But Thais also need work. About 1,000 people a day have lost their jobs since the economic crisis struck more than a year ago and those hit hardest are middle-aged women with little education - a description fitting the Chatuchak caddies to a tee. "Ball divers", dozens of young men in swimming trunks who lurk at every water hazard waiting to follow a golfer's miscue with a splash to retrieve the ball and sell it back for B10 (27 US cents), are not much better off on the shrinking job market.

The Bangkok city government has offered the caddies one year of employment at about half their current wage. In negotiations yesterday, the caddies countered by saying the city should pay them to keep the course closed until the dispute is

Privilege will become a big issue as bureaucrats try to protect benefits

somehow someday, resolved. Yet privilege is also at stake and will become a big issue in Thailand as bureaucrats attempt to protect their benefits in the face of a massive privatisation programme. Few SRT officials want to lose their golf course - "next to go will be our hospital and housing", says one out on a Friday afternoon round - and plain-clothed SRT security officers have been acting as lookouts for the caddies, alerting them to planned invasions by city police.

"I've received threats from big people," says Bangkok's Mr Somkarn. "They've tried to bribe me as well."

Wary of being seen as the bullies in this game of guerrilla golf, the caddies plead that they are only fighting for justice, to protect the area from potential development by the city, and a hearing from the monarch.

"Don't think we are bad. We have been trying to fight with reason," says Im, another caddie. "But if they keep fighting with power we will fight with power, too. We've got pretty good aim with a golf ball."

Bruised Canadian PM has media on ropes

By Edward Alden in Toronto

Canada's public broadcasting corporation this week temporarily suspended without pay a senior journalist whose reporting on last year's crackdown against protesters at the Asia-Pacific Economic Co-operation (Apec) summit has embarrassed Jean Chretien, the prime minister.

The suspension has raised questions both about journalistic ethics and about the independence of the publicly funded Canadian Broadcasting Corporation.

The CBC suspended Terry Milewski, its Vancouver correspondent, after e-mail messages between Mr Milewski and an Apec protester, Craig Jones, were made public. Those messages indicated Mr Milewski was working closely with Mr Jones in developing stories on the prime minister's role in orchestrating the crackdown.

Mr Chretien's government, under daily attack from the parliamentary opposition over the crackdown, seized on the e-mail exchange as

evidence of media bias.

At last November's summit in Vancouver, demonstrators were repelled by police using pepper spray when they tried to breach a fence keeping them well away from the 18 Apec leaders. Recently released government memos appear to show that Mr Chretien's office ordered police to keep demonstrators out of sight to avoid offending Indonesia's now-deposed President Suharto.

But the government has now succeeded in turning the spotlight on the media's conduct. Mr Milewski had been the most tenacious reporter pursuing the affair and the first to reveal the prime minister's role.

One of Mr Chretien's top aides, Peter Donolo, complained to the CBC's ombudsman that Mr Milewski was biased against the government. The corporation, while it defended the reporter's work, pulled him off the story immediately. This week, after more complaints from Mr Donolo, the CBC suspended Mr Milewski for three days.

The incident has focused attention on the CBC's editorial independence.

The CBC may be particularly sensitive to Ottawa's criticisms after being forced to cut staff in recent years. In addition, the government has proposed legislation allowing the prime minister to dismiss the CBC president, chairman and board of directors at any time during their five-year terms. A former CBC president, Pierre Juneau, has warned that the change would turn the CBC into "a state broadcaster, not a national public broadcaster".

Canadian journalists are divided over whether Mr Milewski crossed a professional boundary in his communications with Mr Jones.

In the most damning exchange, Mr Milewski refers to the Apec story as "Jones versus the Forces of Darkness," a comment some say indicated bias.

But others say the e-mails were simply the equivalent of casual banter in which the reporter was trying to build good relations with an important source.

Japan introduces cheap crisis lending

By Gillian Tett in Tokyo

The Bank of Japan's independent policy board said yesterday it would introduce emergency lending measures to stave off the risk of a deflationary slump.

The measures, to be implemented next week, will allow the bank to use corporate bonds as collateral for loans for the first time. They will also establish a new facility to offer cheap funds to banks which make loans to the corporate sector.

The bank argues that these measures should flood the financial system with additional money and thus

force cash-strapped banks to step up lending to their corporate clients.

The measures mark a departure from the bank's traditionally cautious policy stance and highlight the degree of alarm among Japanese officials about the failure of more orthodox policies to boost the economy.

The bank's decisions have alarmed some economists, who fear they could expose the bank to greater market risk and leave the government playing too great a role in the financial sector.

Earlier this week, the ruling Liberal Democratic party made a separate pledge to

lend at least ¥5,000bn (\$41bn) in public funds to the corporate sector via the Japan Development Bank, a government body. The JDB also indicated that it was preparing to lend up to ¥100bn to Nissan, the car group. Ken Okamura, an analyst at Dresdner Kleinwort Benson, said: "This is very dangerous. It is flying directly in the face of market principles."

The central bank insisted yesterday that its new lending measures were short-term and designed to prevent banks from slashing lending to meet recently tightened capital adequacy

standards.

"Concerns over credit risks are growing in capital markets and there is the possibility that financing for firms will be even more difficult toward the end of the year and the end of the fiscal year" in March, the bank said.

To counter this, the bank has already increased its liquidity injections to the markets over the last year, by making loans to private banks using Japanese government bonds as collateral. It has also started temporarily to buy commercial paper, a short-term industrial financing instrument, through

repurchase agreements.

However, from Monday the bank will start to accept corporate bonds as collateral, in addition to government bonds. This will allow private banks to borrow a much greater volume of funds. The bank will also raise its purchases of commercial paper, and hold them for up to a year, rather than three months as it does at present. In addition to this, the bank said it would extend loans to private banks at an "special" interest rate of 0.5 per cent, if the money was then passed on to corporations before April next year.

US consumer spending buoyant

By Gerard Baker in Washington

US consumer spending remained buoyant last month, continuing to defy expectations of a long-awaited slowdown.

Retail sales grew by a seasonally adjusted 1 per cent in October, the largest monthly increase in more than a year, led by a rebound in car sales after several months of sluggish

growth, the Commerce Department said yesterday.

In a separate report, the Labour Department said producer prices rose by 0.2 per cent last month, the third increase in the last five months after more than a year of falling wholesale prices.

The two reports, which suggest US economic growth is continuing at a solid pace, intensify the difficulty facing

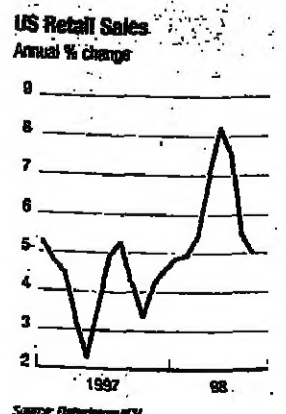
policymakers at the Federal Reserve when they meet next Tuesday to decide whether or not to raise interest rates.

The Fed made two quarter-point cuts in interest rates in three weeks this autumn in response to international financial turmoil and fears of weakness in domestic credit markets.

Following the second rate cut in mid-October, which

unusually came between meetings of the Fed's open market committee, financial markets immediately assumed the central bank had embarked on a phase of aggressive easing of monetary policy and would cut rates again in November.

But since then, financial markets have stabilised and economic reports have suggested US growth has slowed only a little.



ADVERTISEMENT

A dam that broke barriers

On Monday President Suleyman Demirel of Turkey opens the world's largest privately-funded water supply project at Izmit, an area of vast growth potential near Istanbul.

Turkish delight at joint project

The Izmit dam, with its water treatment plant, two pumping stations and 100 km of pipeline, is a triumph of engineering and project management led and orchestrated by Thames Water.

The biggest British-led project in Turkey for a quarter-century, it will provide 480 million litres of water a day to 1.2 million people, including industrial users.

It is also the first water sector project in Turkey to be financed and constructed on the build, operate and transfer (BOT) basis pioneered by the Turks and enthusiastically backed by President Suleyman Demirel, a former head of Turkey's state hydraulics ministry.

Thames Water will operate and maintain the new construction for 15 years before handing it over to the Izmit Greater Municipality free of charge. The price of water will be set annually to cover all financing costs and a guaranteed return to shareholders. The Turkish Government is providing debt cover.

Teamwork contributed crucially to the success of the project, overcoming obstacles that would have defeated less dedicated partners.

Thames Water's Turkish partners are leading construction companies Gama and Guris, who have collaborated closely on other successful development projects.

Frank Pawley, Thames Water's Regional Director, has been responsible for the project since it began in 1989. He says: "It quickly became obvious that the key to this project was getting through the complicated legal and financial structuring. Gama focused on the local strategic issues with the support of Guris, while we comple-

mented the partners' strengths with our ability in legal and financial structuring. During seven years of intense negotiations the early marriage developed into a successful partnership."

The joint venture is complemented by Mitsui & Co and Sumitomo Corporation, two major Japanese trading companies who have brought with them their skills in financing major infrastructure projects.

The Mayor of Izmit, Sefa Sirmen, aware of the enormous benefits the project would bring to the people of his region, promoted its success with flair and enterprise. Around 90 jobs will be created at the plant itself.

The Mayor sees the project as "a great achievement that will solve not only Izmit's water supply problems but most of those of the surrounding province of Kocaeli." He adds: "With our partners we have

shown the world that major infrastructure projects can be realised in record time with the BOT model."

Pawley stresses the complementary skills of the organisations involved, and the exceptional level of trust that has been developed at all levels.

"This kind of trust can only be achieved if all the parties are clear about their own responsibilities and display a spirit of cooperation when they carry them out."

"This has allowed the public and private sector organisations to aspire to a single goal - the completion of construction ahead of time and on budget. It is the best teamwork I have seen in thirty years working in the water industry, for which Sefa Sirmen, Ergil Ersu of Gama and Mete Teoman of Guris deserve much credit."



Thames Water's Bill Alexander: a determined force

Water is a global business

Attracting populist support has hardly been the forte of the UK water industry, but the negative stereotypes at home are sharply at odds with the view from abroad, where British expertise is highly sought after. Thames Water, for example, is the world's fastest-growing water company, successfully competing with global giants.

With a spread of contracts straddling the globe, Thames Water is supplying the Indonesian capital Jakarta with half of its water requirements for the next 25 years, bringing five million new customers. Contracts at Pathum Thani near Bangkok in Thailand and at Kelantan in Malaysia run for a similar period. In China, two million residents of Shanghai will receive Thames' water for at least 20 years; and a \$1 billion turnover, 15-year project is under way in Adelaide, Australia. San Juan and other municipalities in Puerto Rico will

soon be on stream for an initial five years, with a possible 20-year extension. Together with the major scheme in Izmit, Turkey, these projects will generate water supplies for almost 13 million people, more than Thames Water's customer base at home. Thames Water also has a foot in Scotland, as the preferred bidder for two Scottish PFIs, upgrading sewage works in Edinburgh and the Esk Valley.

"The lessons learned here have contributed greatly to our competitiveness overseas," says Thames Water's Chief Executive Bill Alexander. "The current regulatory system here has great strengths. It provides companies with incentives to invest efficiently and keeps down prices at home, while setting standards for customer service. Working within it, we have learned how to provide low-cost, customer-friendly solutions for the international water market."

Privatisation has allowed the

company to invest £3 billion at home on improving services while having the lowest average water services bill in England and Wales. The investment has included £500 million upgrading water treatment processes, improving water quality and reducing the chlorine content of London's water. "Now we win taste tests against expensive bottled brands," Bill Alexander points out. He is a determined force behind the company's improved customer service, which has brought Thames Water the utility industry's customer care award for the two years since inception.

Thames Water's investment programme in its Thames Valley area has dramatically reduced leakage, and its achievement in helping clean up the polluted Thames river has reverberated around the world.

The "Pathfinder" award from Export Times acknowledges how much the UK economy benefits from Thames Water's international operations. Spin-off from the Izmit project alone has amounted to £215 million of exports for 80 engineering companies, and job opportunities in manufacturing all over the country.

"We have built a reputation as a supply base," the Chief Executive explains, "buying pressure gauges from Scotland, cables from Cleveland and Cheshire, switchgear from Leicestershire and Nottingham, control technology from Bath and pipework and chlorination equipment from south-east England." Pipe fittings made by Talbot in Winchester, sludge machines from Simon Hardley in Stoke on Trent, protective equipment for pipes by Cambridge-based BAC Corrosion control, and the expertise of Transcar, W.S. Atkins, Taylor Woodrow and other UK firms large and small are evidence of the fruitful partnership between Thames Water and British industry.

But partnership for Thames Water also means helping countries where it operates develop their indigenous natural and human resources. Britain's Deputy Prime Minister, John Prescott, recently expressed the view that "Thames' success in

Turkey is yet another example of the skills and expertise which the UK water industry has to offer other countries as they seek to develop their own water industries."

Indeed, when Thames Water hands the Izmit plant over to the Municipality in 15 years, it will have transferred operational, engineering and managerial skills to the workforce, and itself learned in the process.

Bill Alexander values the British government's support but he would welcome a more realistic approach to some aspects of water industry regulation, particularly easing restriction on competition. He points out that the fragmented structure of the UK industry (with no fewer than 33 companies) weakens its international competitiveness.

"Contrast France, where three major players champion the nation's export effort. Government supports their international aspirations by allowing them a strong domestic base, enabling their size to confer economies of scale. More concentration in the UK water industry would clearly be beneficial

'The lessons learned here have contributed greatly to our competitiveness overseas'

since scale at home demonstrably enhances competitiveness abroad."

Thames Water, he concludes, has proved its effectiveness as a champion of the UK water industry abroad, but "to gain benefits of scale in our international tendering we need more consolidation at home." If big French - or American - companies can participate in a rationalised UK water industry, then a level playing field demands similar advantages for Thames Water. The long tail of small UK water companies cannot hope to compete effectively for big contracts abroad, with their benign spin-off for UK plc.

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Where the money came from

The Izmit scheme is the world's biggest ever privately-financed water supply project. Valued at around \$900 million, it has absorbed more than twice the capital needed to complete the Thames Water Ring Main, London's 80-km water tunnel completed in 1994.

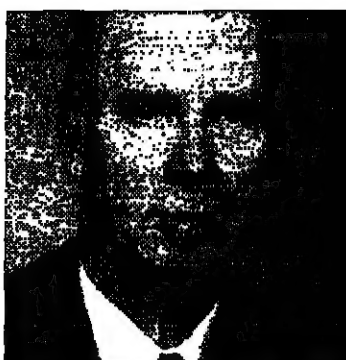
Led by Thames Water, the Izmit project demanded an extraordinary degree of cooperation between banks and export credit agencies. Working alongside Thames' treasurer, Linda Kemeny, an important role was played by Chase Investment Bank. "It stood at the centre, in London, coordinating arrangements for the various debt facilities," explains David Luffrum, Thames Water's Finance and Planning Director.

NatWest played a prominent role, in tandem with the UK Export Credit Guarantee Department (ECGD), helping arrange credits for the supply of UK-built equipment worth over £200 million for the water treatment plants and pumping stations.

"The French export credit agency, COFACE, supported by Société Générale, in effect covered the finance for the 100-km pipeline built in France by Klöckner INA," says Luffrum. The other main source of finance, he adds, came from Japan's Export-Import Bank (JEXIM), supported by Fuji and Sumitomo Banks, which provided untied funds not linked to exports from Japan.

Thames Water's success in mobilising French and Japanese backing for the project stemmed from its strong balance sheet and an enviable track record. A key boost to confidence was the support of the Turkish Treasury, and also the dynamic contribution of the Mayor of Izmit, Sefa Sirmen, who ensured that the Greater Izmit Municipality was fully on-side as a co-investor.

Export credit agencies covered the lion's share (\$734 million) of the funding. ECGD put up 31% of this sum, JEXIM 25%, COFACE 23%, with 21% coming from a syndicate of commercial banks. The remainder came from the



Finance Director David Luffrum

shareholders of Izmit Su (Izmit Water), the joint venture partnership between Thames Water (35%), Izmit Municipality (15%), Mitsui and Sumitomo Corporation (7.5% each) and Turkish construction engineering firms Gama (23%) and Guris (12%).

Mitsui played a crucial role in responding positively to Thames' call for assistance in finding \$150 million needed to supply pipes. Export credit agencies had failed to provide credit support but Mitsui persuaded the Japanese government to bridge the financing gap through its bilateral aid programme to Turkey. The only condition was that Mitsui (and subsequently Sumitomo) had to agree to take an equity stake in Izmit Su. They duly agreed.

Now that the project is safely home and dry, David Luffrum is looking to its future earnings as Thames Water takes on the operating contract for the next 15 years. "The joint venture expects a reasonable return immediately, together with some margin from the sale of services through the construction and operating phase of the project and the provision of consultancy."

Luffrum says he expects the regulatory review due in the UK in 2000 to squeeze domestic water prices and profits, emphasising the company's need to grow a sound earnings stream partly outside the regulated business in the UK. "Managing international operations is increasingly going to provide such long-term growth opportunities."



The difficulties overcome, the Karezde valley will soon contain a reservoir

Obstacles to the dam

The Izmit project arose out of an urgent need for more, and better quality, water supplies. As the town's population surged in the 1980s pressure on resources became acute, depriving private residents of adequate drinking water and restricting its industrial use in a key development area close to Istanbul.

By 1989, when Thames Water and its Turkish partners began negotiations for the contract, water shortage had reached crisis level, discouraging any new construction or investment in the region. But an epic political and legal battle lay ahead before the blessings of the dam, with its pumping stations and water treatment plant, could be

realised. It took seven years of detailed negotiation to surmount a series of seemingly impenetrable barriers, not least of which was the need for a change to Turkish law to allow the project to proceed.

Turkey's written constitution, drafted in the aftermath of the Ottoman Empire, is restrictive in that all public services are the responsibility of the state and "concessions" are specifically cited as unconstitutional. During the 1980s significant political support for the concept of build, operate and transfer (BOT) schemes developed, and in early 1989 the Turkish government asked Gama to form a consortium that could complete the project as a BOT scheme.

Izmit Su, the consortium company, was conceived in that year and incorporated in early 1994.

A new BOT law was introduced in September 1994, but its terms caused considerable concern – to meet them, the Izmit project would have required restructuring. This was unacceptable so Thames Water and its local partners, Gama and Guris, lobbied for an amendment. The green light appeared in mid-1995 in the form of a new enabling law, allowing existing projects to proceed. Turkey's government, aware of the obvious benefits, had finally given the Izmit scheme the go-ahead.

Financial obstacles also had to be surmounted. The project

involved nearly 30 banks and, for the first time, three national export credit agencies worked jointly to put together the project finance deal. Thames Water's proposed 15:85 equity-to-debt ratio was at first seen as more than commercial banks would be willing to lend. There were fears too that Turkey's then mediocre credit rating would make the banks insist on a ratio of at least 3:1 between export-credit supported lending and simple commercial debt.

Thames Water fought hard and successfully to get a financing package together. The support of Mitsui and Sumitomo, who took an equity stake in the project, helped persuade the Japanese government to provide credit support. More support came from France's export credit department, COFACE, in concert with Klöckner INA and Société Générale.

It only remained to persuade the banks, led by NatWest, Fuji, Société Générale and Sumitomo, to confirm their support. This they duly did once Turkey passed legislation giving the green light to BOT.

Then things moved swiftly. In December 1995, the project's financial arrangements were formally concluded; two months later construction began and it will have taken less than three years to complete – three months ahead of schedule. Thames Water's Finance and Planning Director, David Luffrum, expects water to be pouring through local taps in January.

It will then be full steam ahead for expansion in the Izmit region. No longer will townspeople be rationed to three or four hours of water per day in summer. And industry in Kocaeli province, surrounding Izmit, will finally have a long-awaited lifeline to attract foreign investment, jobs and prosperity. Investment may come from the UK; Thames Water's pioneering work has opened a path for other UK companies to follow.

"Izmit – Turkey's biggest international investment project – has gone remarkably close to plan considering its enormous scale," says David Luffrum. But what of the future? The company's Chief Executive, Bill Alexander, replies: "We are considering a number of other projects in Turkey, following this success at Izmit, and the path to agreement is potentially much faster than in the early days of the Izmit negotiations."

The need for water services across the globe is there; in countries rich and poor. The World Bank estimates a spend of up to \$800 billion is required over the next decade.

"A tribute to tenacity"

David Logan, the British Ambassador to Turkey, said: "The Izmit project is a very significant landmark in the development of privately-financed infrastructure schemes in Turkey."

"It broke new ground with a new model for cooperative working between the British, Japanese and French export credit agencies, with our Export Credit Guarantee Department playing a pivotal role and receiving excellent support from JEXIM and COFACE."

"It is a great tribute to the tenacity of Thames Water

and their partners that the Izmit scheme got off the starting block. We are all delighted that the project has now successfully come home; with a 15-year British commitment to running the new plant."

"As well as being a proven market for global companies like Thames Water, Turkey also provides excellent opportunities for small to medium-sized companies covering, for example, automobiles, retailing and healthcare as well as the large infrastructure and power projects."

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publicly owned. Thames Water operates world-wide, but on every major project, we work alongside a local partner and employ local people.

A world leader

No water project is out of our reach. At Izmit, in Turkey, the country's first water Build-Operate-Transfer scheme will soon be up and running. We are operating in close partnership with a number of Turkish organisations on this scheme, which will be the world's biggest ever privately funded water supply project. It means that more than 1.2 million people are soon going to be benefiting from a brand-new water system. For the first 15 years, it will be operated by us before reverting to the local authority.

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Adviser and Arranger:
Chase Investment Bank Limited

Co-arrangers and Underwriting Agents:
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Senior Loan Manager:
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local support

THE SUPPLY OF WATER TO 1.2 MILLION PEOPLE IN TURKEY IS UNDENIABLY A BIG PROJECT

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Local supporter

The Mayor of Izmit, Sefa Sirmen, is a passionate supporter of the local football club, Kocaeli, a team of international repute that has graced the European Cup Winners' Cup.

More seriously, the Mayor exemplifies the go-ahead, thrusting, entrepreneurial side of modern Turkey. His energy and dedication to the project proved invaluable assets when obstacles dogged the enterprise.

Sefa Sirmen was born in 1949 at Goluk, not far from Izmit. He began his career as a civil works contractor and entered politics at the tender age of 20. He first became Social Democrat Mayor of Izmit in 1989.

Married with three children, Sirmen is a popular as well as influential figure locally - the first Mayor to be re-elected for a second four-year term. He used all his political and personal assets to mobilise local support for the water supply project. But he had a receptive audience.

Over the past 20 years Izmit's population has grown by over 5% a year to over half a million, through an increased birth rate and mass immigration from parts of eastern Anatolia. Inevitably water supplies shrank and deteriorated in quality. Since the mid-1980s, the situation

has at times been critical. Water has had to be drawn from subterranean reservoirs and a nearby lake; saline water has replaced fresh water, and rationing of both private and industrial consumers has become commonplace.

Sirmen has all along seen the anomaly of this situation for economic growth poles like Izmit and its surrounding province, Kocaeli, since they are second only to Istanbul as industrial centres.

On Monday Izmit's Mayor will feel a deserved glow of pride and fulfilment as the President and Prime Minister of Turkey give their official blessing to the project he has done so much to advance. The stimulus it has given to his country's prospects is already evident.

Several ancillary projects are already in train. A 15,000-unit house-building project is making good progress, and a \$100-million waste plant and a natural gas project have been completed.

Izmit is not yet a tourist destination, though it has history aplenty to attract the discerning traveller. It also has a busy commercial centre and a deep-water port ripe for development. Its per capita income, at around \$7,500, is already three times the Turkish average and now that its water supply has been secured the future looks bright.



The water treatment plant will end acute water shortages

What it means, how it works

Concern for customers' health and care, as well as commitment to innovative and efficient resource management, guide Thames Water's stewardship of the Izmit project.

Half the water from the dam is destined for local domestic use and half for industrial use, within a 120-km radius along the northern shore of the Sea of Marmara between Izmit and Istanbul. It will end acute water shortages that have been known to last for days on end.

The dam - 400 metres wide and 108 metres high at its crest - has

been built by Turkish construction company Gama to an original design by Devlet Su Isleri, the Turkish state hydraulics department. Since Turkey is prone to earthquakes, the dam embankment is built mainly of earth and rock, rather than concrete. Even so, some 60,000 cubic metres of concrete have been poured into sections of the dam wall, as well as a spillage gate, the nearby control buildings and the reservoir that is now filling the Karezde river valley.

Raw water is drawn from the natural Karezde springs that rise in

the mountains to the south of Izmit. The reservoir has a capacity of over 60 billion litres and an estimated annual yield of over 142 billion litres. It extends for almost 8 km along the valley, where fortunately only a handful of dwellings have had to be abandoned.

The water is first discharged through a diversion tunnel, then carried through 2.2-metre diameter steel pipes laid in underground tunnels that are "big enough to bury a bus", according to Dr Ali Senturk, general manager of Izmit Su, the project joint venture.

Its destination is the treatment plant situated about 5 km downstream. Of orthodox style, the plant was designed by Thames Water and has a capacity of 480 million litres a day - enough to fill more than a billion soft drink cans.

The treatment process involves aeration and chemical application before the water is first passed through six flat-bottomed sludge blanket clarifiers, then through 20 filters which combine aircour and backwash processes. Sludge will be thickened and moved to onsite lagoons, and treated water will be chlorinated before discharge.

The treatment plant was incorporated in structures built by Guris, one of Thames Water's Turkish partners in Izmit Su. CEO Mete Teoman expresses pride in the project "both as shareholder and contractor, working with leading international companies". He believes that Guris' 40 years of professional experience helped bring the project to fruition ahead of schedule.

Ergil Ersu, Managing Director of Gama, the other Turkish project partner, is also justifiably proud of

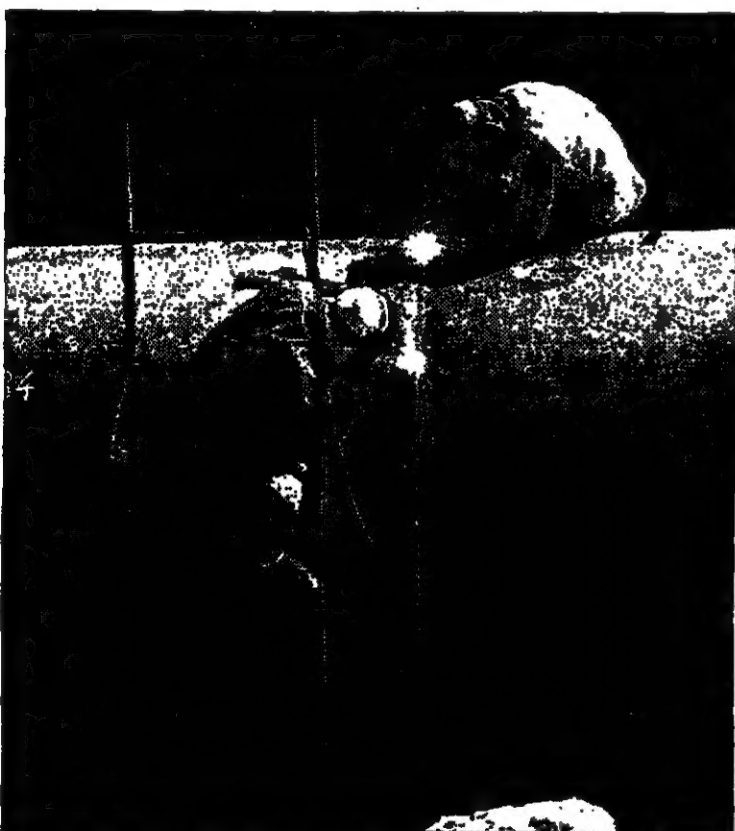
his company's role in "this first big, non-energy-related BOT project". Gama was the original contractor for the construction of the nearby Yuvaçik dam, which only went ahead once its financing was restructured on a BOT basis, and Ersu is gratified to see the effectiveness of the BOT model proved at Izmit.

He is particularly satisfied that one very testing part of his project - the installation of water mains across very difficult terrain - was completed before the scheduled date.

Thames Water will operate and maintain the water supply system for 15 years, starting in January 1999. Recruitment of local staff is under way and a major training programme has started. The objective is to run the whole operation with Turkish staff, with colleagues in the UK to consult if required. In fact, once training is completed, the only full-time expatriate on the project will be in a general management role; all other managers, technical and operational staff will be Turks.

Current activity centres on transferring Thames Water's expertise in managing water quality. Local scientists have been recruited to set up and run the laboratory and provide scientific support to the operational team. Scientists from the UK are currently training the team in all aspects of water quality management.

Jim Bentley, Thames Water's manager in Turkey, says: "With the high quality of technical skills available in Turkey and our own expertise, I am confident that we can run the operation to the very high standards reached in the UK."



Giant steel pipes can handle 480 million litres of water a day

The dam built by teamwork

In all, more than 80 British companies have been involved in the project, some since its inception. Doug Smith, Chief Executive of design engineers Paterson Candy, says: "The concept of designing and constructing this enormous scheme was first discussed in our offices about 10 years ago. Today, as the project reaches virtual completion, we are proud of our responsibility for all the mechanical and electrical equipment in the water treatment plant and pumping stations, and for the procurement and supply of 100 km of pipeline."

Consultant engineers WS Atkins have been closely involved in the Izmit project since implementa-

tion on a private finance basis was first proposed. Mike Newton, Director of WS Atkins, describes the project as "a shining example of what can be achieved by cooperation between a multi-national group of companies operating with a single aim."

"We worked closely with the sponsors to develop the design and demonstrate the viability of the project. We went on to participate in the drafting of the contracts. For the implementation stage, we have been responsible for the administration of the design and construct contract on behalf of the Special Project Company and for reporting to the lenders. This included the

review of the contractor's design and the certification of payment."

Taylor Woodrow was appointed by the construction consortium to manage the project's building work. This involved coordinating the design supply and construction interfaces, and detailed planning of both pre-construction and construction stages. It also meant preparing detailed monthly project reports and careful planning to ensure the satisfactory progress of all construction activities.

Taylor Woodrow Construction acted as the main channel of communication between the construction consortium and the joint venture, Izmit Su.

The logistical problems thrown up by the project were formidable but Transcar Projects brought its worldwide experience to bear managing and co-ordinating transport of the freight, materials and equipment needed. Transcar's Managing Director, John Salter, acknowledges the strength of the relationship with Thames Water. "Our task was never going to be easy but Thames' very positive attitude enabled us to achieve all we believed we could as one of the few truly British-based companies operating in this specialist area." Salter adds that Transcar's involvement in the project "helped us increase our capacity and secure future employment."

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SCOTLAND NATIONALIST PARTY'S AIM FOR NEUTRALITY COMES UNDER ATTACK

Blair scorns drive to quit Nato

By Andrew Parker,
Political Correspondent

Tony Blair, the prime minister, yesterday stepped up his attack on the Scottish Nationalist party, condemning as "utter folly" the nationalist proposal to take an independent Scotland out of Nato. The prime minister also criticised the SNP's commitment to rid Scotland of nuclear weapons. The UK's Trident nuclear submarines are serviced at Faslane on the River Clyde in central Scotland.

Alex Salmond, SNP leader.

responded by challenging Mr Blair to a televised debate on independence. He claimed Mr Blair's two-day visit to Scotland, which ended yesterday, showed that Donald Dewar, chief minister for Scotland in the UK government, had been "sidelined".

With the first elections to the Scottish parliament six months away, Labour is only just ahead of the SNP in opinion polls about which party will form the first administration. The SNP wants Scotland to make a phased withdrawal from Nato, while retaining mem-

bership of the Western European Union, Europe's defence arm, and of the European Union. The Republic of Ireland is a member of the EU but not of Nato.

Mr Blair used a speech at a Nato summit in Edinburgh, the Scottish capital, to deride the SNP defence policy as "crazy". He said: "As others seek to join Nato, only one party, in one country, is seeking to leave. The SNP. Seeking to retreat into isolation. Utter folly."

Mr Blair claimed the SNP would "pull our armed forces apart", and threaten

"thousands" of Scottish defence-related jobs. "To replace the Nato collective defence policy with one in which Scotland is isolated and on its own, is not just a wholly irresponsible policy for defending the country, but the financial costs... would be enormous," he said.

Mr Salmond said Mr Blair had shown an error of judgment by using a Nato summit to engage in "hat-bashing". "As other countries leaders discuss military action in the Gulf... the UK prime minister is using an

international forum to make a parochial attack on the SNP," he added. Mr Salmond said there would be more rather than less defence jobs in an independent Scotland because of the SNP's commitment to have a 20,000-strong armed force.

On Thursday Mr Blair claimed the SNP did not want to talk about its plans for an independent Scotland. Mr Salmond, challenging Mr Blair to the head-to-head televised debate, said: "The reality is that the SNP argue the positive case for independence daily."

Regional vision is clouded by party nightmare

The prime minister is ensnared by his decentralising ambitions, says George Parker

Tony Blair's policy for regional government is in a mess. Not because it provides different kinds of authority to Scotland, Wales, Northern Ireland and England: it was always supposed to do that. Not because Mr Blair leaves the impression that he is not really an instinctive believer in the programme.

It is in a mess for two new reasons: because different parts of the policy are now clearly moving at different speeds (the English bit is to be dropped from next year's legislative agenda). And because, as this week has shown more clearly than before, devolving power to Scotland, Wales and London will bring to the fore people whom the prime minister does not like at all.

This seems rough justice for Mr Blair who has spent 18 months giving away a great deal of the power the Labour party won so decisively at the general election in 1997. It seems odd behaviour for a man widely labelled "a control freak".

In setting up a parliament in Scotland, an assembly in Wales, and a new municipal authority and mayor for all of London except the City, Mr Blair can claim to be one of the great decentralising leaders in British history. But now the prime minister is discovering that handing power to the people can be dangerous.

Backtracking on the undertakings made so far would have been politically impossible, but Mr Blair could be forgiven for pondering again the wisdom of the programme.



Tony Blair at yesterday's Nato conference in Scotland: no retreat into isolation

Press Association

The Scottish parliament threatens to provide a platform for the Scottish Nationalist party to push for full independence, and left-wing Labour MPs are furious they have been barred by the leadership from becoming candidates.

In Wales, the resignation of Ron Davies as "prime minister" designate for the assembly has thrown the party into turmoil. Mr Blair wants Alun Michael, a loyalist, to replace him: the Welsh party may prefer the independent-minded Rhodri Morgan, a critic of the leadership.

In London, Mr Blair is pitting himself against party activists by refusing to allow Ken Livingstone, a popular leftwinger, to stand for the role of executive mayor.

Having crushed internal dissent within the Labour party at Westminster, Mr Blair is desperate to prevent the Labour left building a new power base in Scotland, Wales or the London boroughs.

But that is the trouble with decentralising power: it involves local people making decisions about who they want to run their affairs.

"Blair is a devolutionary schizophrenic," says Liam Fox, constitutional spokesman for the opposition Conservative party. "He talks about devolving power, but demonstrates his control freak tendencies by trying to retain power at the centre."

The difficulties have revealed two important truths about Labour. First, the Blair revolution has

been scarcely perceptible in the traditional Labour bastions of Scotland, Wales and London. Second, it highlights the shallowness of Blair-friendly talent in some parts of the party. Little wonder the prime minister is hesitating about rapidly moving to the next phase of the regional revolution in England.

He has already put the brakes on plans by John Prescott, deputy prime minister, to set up "elected assemblies in the English regions."

The result is an imbalance in the project. While Scotland and Wales will be governed by directly elected bodies (and Northern Ireland is something of a special case), England will continue to be administered from the

House of Commons by MPs elected from every part of the UK.

Mr Blair would prefer an English programme that puts more emphasis on directly elected city mayors. But even those proposals have been postponed after the decision to delay by at least a year legislation to allow the creation of elected mayors outside London.

Yesterday the prime minister was in Scotland, trying to convince an ungrateful public that he remains a believer in regional government. "I don't see a Scotland," he insists. If the elections in Scotland, Wales and London are as difficult as they promise to be, however, he may perhaps come to appreciate the attractions of strong government from the centre.

Insurer unveils \$17m call-centre expansion

By Juliette Jovitt
in Cardiff

Legal & General, the insurance group, yesterday announced a \$17m (\$16.6m) expansion in Cardiff, the Welsh capital. An extra 1,000 back-office workers will be added to the 700 who work at the group's call-centre in the city.

The Cardiff operation will become Legal and General's second-largest in the UK. The expansion follows news of two other big investments this year, creating a total 1,500 jobs, and adds to the reputation of south-east Wales as one of the fastest growing regions in the country for white collar job creation. The region has been one of the UK's most successful in attracting investors from the US, continental Europe and Asia.

News of the L&G expansion follows recent

announcements by Bank One of the US for a 1,000-job credit card centre in Cardiff, and First Plus, also of the US, for a banking call centre employing 500 staff.

David Prosser, L&G's chief executive, said: "These new offices will provide much needed expansion space for our fast-growing business over the next few years."

The Welsh Development Agency said the announcement was the latest in a line of expansions by existing investors.

Alun Michael, the chief minister for Wales, said: "It is a tribute to the people and the dedication and skill of our economic development teams that Legal & General is yet another blue-chip company to show confidence in the future of Wales."

The Welsh Development Agency stressed that many of the Legal & General jobs to be created over three

years, were for managers and analysts.

"Encouraging growth in the financial services sector is a key element of the WDA's strategy to increase gross domestic product and the new project - a major new facility to support business development - will provide a range of quality jobs for professionally qualified staff," said David Rowe-Beddo, chairman.

More than 100,000 people are employed in financial and business services in Wales, and the industry is worth \$2.7bn to the local economy.

Response Handling yesterday announced a big expansion at its call centre in Glasgow, Scotland. Response Handling is a subsidiary of Murray International Holdings which is owned by David Murray, chairman of Glasgow Rangers soccer club.

Russian agents turn cyber-spies

By John Lloyd in London

Oleg Gordievsky, the former London KGB station chief who for a decade passed high-grade Soviet secrets to British intelligence, has told a group of communications and security experts about the current activities of Russian agents.

He said nearly half the agents in Britain were involved in "cyber espionage" - acquisition of computer-stored intelligence, breakthroughs in software, and details from financial and commercial databases.

The former British double agent said there are still about "20 officers in all, from both services, here now."

The Russians themselves claim there are 35 secret service and military intelligence officers working in the Russian embassy in London. Mr Gordievsky estimated that there were up to 200

secret service and military intelligence officers in Germany and about 350 in the US - levels sharply lower than cold war numbers.

"In my time, and before, it was crazy," he said. "Officers were working in shifts because there was only space for a few of them to work at once. Now they all have separate cubicles - unimaginable luxury!"

He said the Russian security services had been developing high-tech capability for more than 20 years and in the early 1980s routinely read encoded messages from over 65 countries, including Italy and France.

"They will certainly now be reading all the traffic coming and going from the Baltic states, Ukraine and most other former Soviet countries. These are small and poor countries, they can't use sophisticated codes which are hard to crack."

Sacked staff are offered jobs in Canada

Financial Times Reporter
in Newcastle upon Tyne
and Edinburgh

Electronics companies from outside the UK have begun recruiting among high-technology workers made redundant in the closure of inward investment projects in Scotland and northern England.

Onstream, a Netherlands electronics company, and Advanced Micro Devices of Sunnyvale, California, an integrated circuits manufacturer, have sent recruitment staff to the Siemens factory in north-east England which is to close with the loss of more than 1,000 jobs.

Onstream is seeking maintenance staff to work in the Netherlands, and AMD is looking for technical staff to work in Dresden, Germany.

About eight overseas companies have contacted Fujitsu, which has announced the closure of its semiconductor plant in north-east England. Two of these, from Singapore and Germany, have visited the plant.

In Scotland, Coretec, a Canadian electronics company, hopes to recruit skilled staff for its printed circuit board plant at Scarborough, Toronto.

It has placed advertisements in the Borders district of southern Scotland, where Viasystems of the US is to close two factories with the loss of 900 jobs.

Coretec had expected a few replies but received about 200. Peter Dedman, Coretec's European manager, spent two days interviewing applicants. "These are very skilful people," said Heather Dedman, Mr Dedman's wife, who works with him. "They are just the type that Coretec wants."

She pointed out that Exacta, which used to own the Viasystems plants, was long-established. "They have team leaders who've done a lot of different jobs in the PCB industry, and they have what we call front-end engineers, which is a crucial post in a PCB plant."

Coretec will next week interview 22 applicants who it believes should have no difficulty passing Canada's strict immigration controls because they have skills that are in short supply in Canada.

Meanwhile, Siemens has offered about 100 of its employees in north-east England transfers to company sites in Germany, Austria, the US and Taiwan. About 70 are expected to accept; and some have already started overseas with the rest planning to move by January.

The impending closure of Siemens and Fujitsu's north-east semiconductor plants means that 1,870 people in the region, many of them with very high-level technical skills, have been suddenly forced on to the jobs market.

While local employers are keen to recruit top-quality staff, there are now no semiconductor plants in the region to which they can move.

"Obviously, the loss of individuals with high-level technical skills is worrying," said John Briggs, chief executive of the Northern Development Company, the north-east region's inward investment agency.

"However, industries of this nature tend to attract personnel from around the world, and I feel that should a sudden demand be created we would be able to attract the necessary staff as was the case with both Siemens and Fujitsu."

NEWS DIGEST

PARLIAMENT

Power to monitor EU measures will be boosted

The UK parliament is to be given new powers to scrutinise and potentially hinder European legislation and a wide range of other EU initiatives. In a first attempt to tackle the so-called "democratic deficit" between the European Union and its citizens, the government has set out proposals to give MPs and Lords a much wider remit in European affairs.

A policy paper published yesterday recommends that the government should not "agree to any measure in the Council of Ministers or approve any document submitted to the European council... until both Houses of Parliament had finished considering it". The government would not be bound by the views of parliament but would undertake to take them into account. MPs would have the ability to significantly delay EU initiatives with filibuster techniques.

Parliament already has some scrutiny powers, limited to the core responsibilities of the original European Community, the precursor of the European Union. However, they will now be able to debate and influence European Commission green papers, joint EU actions in the foreign policy arena and initiatives in the contentious areas of justice and home affairs. Robert Peston, London

RAIL ROUTE FROM FRANCE

Tariffs to rise 25%

Tariff rises of up to 25 per cent for passenger shuttle services through the Channel tunnel between England and France were announced yesterday by Eurotunnel, the tunnel operator. At the same time it emerged that the company faces the prospect of four one-day strikes by its train drivers this month and next because of a wages dispute.

Eurotunnel and the ferry companies are raising prices to compensate for the abolition of duty-free sales in the European Union from June. Duty and tax-free sales contributed 30 per cent of Eurotunnel's revenues in the first half of 1998 and up to 50 per cent for the ferry companies.

The merger of cross-Channel operators of two of the largest ferry groups, P&O and Stena, in February, allowed the merged company to withdraw some ships, reducing capacity and costs, and creating an opportunity to raise fares. None of the other ferry groups has yet increased its passenger tariffs although P&O last month announced plans to increase freight rates by about 15 per cent.

SeaFrance, the French government owned ferry company, expects to announce its new 1999 tariffs next week and has already indicated increases of up to 30 per cent may be made. Charles Batchelor, London

DIGITAL TELEVISION

Complaint over advert

The Independent Television Commission, the industry regulator, is examining advertisements terrestrial digital television after a complaint from British Sky Broadcasting, the satellite television group in which Rupert Murdoch's News Corporation has the biggest stake.

BSkyB has complained to the ITC about new promotions for digital television that include a symbol of a satellite dish with a red cross marked through it, accompanied by a voice promising "dish-free digital". Two of the leading television companies, Carlton Communications and Granada Group, are joint shareholders in On Digital, the digital television company that launches tomorrow. The service offers 17 pay television channels.

The ITC has made clear it did not want to see "knocking copy" from rival services during the launch of digital television. BSkyB launched its 140-channel service with On Digital on November 1. John Gapper, London

TRADE UNIONS

Recruitment falters

Fewer than half of the UK's trade unions are giving a high or moderate priority to the recruitment of members in both new companies (45 per cent) and new industries (35 per cent). Nearly a third of trade unions (32 per cent) are making organising efforts among workers in supplier and customer companies where union members exist.

These figures, in a survey from Cardiff Business School on union organisation and recruitment strategies, suggest many unions have a long way to go before they start gaining membership in the new workplaces. Commissioned by the Trades Union Congress, it argues: "If unions are not to suffer gradual extinction they must expand beyond their existing job territory and organise workers in new companies and industries." Robert Taylor, London

RACIST POLICE

Dismissal powers 'weak'

A police chief yesterday told an inquiry his force contained bullying and racist officers whom he was powerless to dismiss. Edward Crew, chief constable of West Midlands Police, admitted efforts to stamp out racism amongst his ranks had on occasions been "inept", but said his hands were tied because of inadequate disciplinary procedures. He was speaking at an inquiry into the murder of a London bus stop in 1993 of black student Stephen Lawrence, 18. No one has been convicted of his murder. The inquiry was called by the government last year after claims from Lawrence's parents that police investigations had been bungled and racist suspects allowed to go free.

Mr Crew's came after an admission in the summer by the Greater Manchester Chief Constable David Wilmore that his force was guilty of "institutional" racism. However, Sir Paul Condon, commissioner of the Metropolitan Police, the London force which investigated the Lawrence case, has repeatedly refused to admit that his force was "institutionally racist", saying the term would undermine his officers' relations with the black community.

Mr Crew said yesterday: "One of the reasons racism remains in the force is due to the inadequacy of the complaints and disciplinary procedure which has enabled racist police officers to remain in the system."

One of the longest serving black police officers in London has reached an out-of-court settlement with the police after a race discrimination dispute lasting four years. It was announced yesterday. The "amicable" settlement was reached after the intervention of Sir Paul Condon. Detective Inspector David Michael, a policeman for 28 years, alleged his promotion prospects had been blighted by his colour, despite a string of commendations. The settlement includes an undisclosed payment to Mr Michael.

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NORTHERN IRELAND GESTURE BY ANTI-NATIONALIST GUERRILLAS MAY NOT BE RECIPROCATED, WARN LEADERS FROM NORTH AND SOUTH

Hopes of IRA arms handover are played down

By John Murray Brown
in Dublin

The government of the Republic of Ireland and Northern Ireland's moderate nationalist and Labour party yesterday played down expectations of an early arms handover by the Irish Republican Army in response to the news that a pro-British group was soon to "decommission" its weapons.

Bertie Ahern, the Irish prime minister, said he welcomed Thursday's announcement by the Loyalist Volun-

teer Force, but thought it unlikely to lead to a response by the IRA.

"I think the influence that will be brought to bear on the IRA is something that will happen over a period of time," Mr Ahern said. "I don't think any particular short-term issue or move by another group will have any real bearing on them."

The LVF, a breakaway group from other anti-republican groups, murdered several Roman Catholics this year after rejecting the April peace agreement. Its arms offer, made after

the UK government on Thursday acknowledged its ceasefire as genuine.

Seamus Mallon, deputy first minister in the new Northern Ireland administration and SDLP deputy leader, said there was "a stunt element" in the LVF's announcement.

"We have been trying to get Sinn Féin to focus on this issue and to do some verifiable decommissioning for this past 10 or 12 months," he said. "If they have not responded to Tony Blair, Bertie Ahern and the other parties, I don't think

they will be responding to something from the LVF."

The Ulster Unionists, the largest pro-British party, believe the LVF move could put pressure on the IRA.

But Mr Ahern said: "I do not think we should read anything into it other than it is a useful gesture... it is not going to change dramatically the negotiating situation that is going on with Sinn Féin [the political wing of the IRA]."

In a further sign of an improved security climate, Ronnie Fianagana, chief of the Royal Ulster Constab-

ulary, Northern Ireland's police force, announced that 400 soldiers are to return to the UK mainland.

Army checkpoints at Bessbrook, where an IRA sniper killed a British soldier last year, are also to be dismantled.

Northern Ireland's notorious policing debate spilled onto the soccer field yesterday, when a Catholic Belfast team pulled out of a match with the Royal Ulster Constabulary under pressure from Sinn Féin.

Donagall Celtic, a club with a predominantly Roman Catholic membership, had

been due to play an RUC team in a cup competition at a neutral ground after the club defied Sinn Féin warnings and gave the go-ahead for the game.

But after what an official statement referred to as "unfair and unreasonable pressure", the club yesterday reversed its earlier decision and pulled out.

Jimmy Boyce, president of the Irish Football Association, said: "With the new political climate, I thought we were beginning to see a change in attitudes. Unfortunately not."

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Saturday November 14 1998

Cruising nicely
past recession

The equity markets have proclaimed it: the UK Treasury has forecast it; and this week the Bank of England has cautiously endorsed the idea. The reefs and shoals of recession are past - with luck.

The UK economy, like those of the US and the rest of Europe, will slow down next year as a result of the sharp deterioration of prospects for the world in general. However, the danger that the recent financial tempests would throw the UK and the US into outright recession has continued to abate.

In the US, the latest consensus of forecasters is for a gradual slowdown from the present economic growth rate of about 3.6 per cent to around 2 per cent next year, a prospect celebrated exuberantly in the stock market. After falling 20 per cent from its July peak, the Dow Jones Industrial Average has recovered to only 5 per cent below its high.

This breeze of optimism has blown across the UK. Although the FTSE All-Share index is still 13 per cent below its July record, it has recovered about half of its summer and early autumn decline and stands now at about the same (high) level that it reached at the beginning of the year.

Still, this does not mean that everything is back to where it was. The battering which commercial banks took this autumn may not have been as severe as many feared, but it has left them disinclined to take risks in their lending. There has recently been some recovery in US corporate borrowing. However, the spread between corporate bond rates and safe government securities remains wide. Having opened from less than 1 percentage point in May to nearly 1.5 points in September, it has now narrowed only a little to around 1.6 percentage points.

This retreat of pessimism in the world's largest economy has, however, helped to underpin official forecasts for the UK, which would have looked positively Panglossian without it.

Soothing judgment
In its pre-Budget report last week, the UK Treasury offered the soothing judgment that economic growth would slow to 1.1 per cent next year - just enough to slip inflation back in its place - before resuming moderate steady expansion.

On Wednesday, the Bank's Inflation Report seemed to endorse this general view, although there was an important difference. The Treasury had assumed that interest rates would be cut in line with market expectations. This implies a 2 percentage point fall in the rate to 5.4 per cent by the end of next year.

The Bank, on the other hand, makes its usual assumption of no change in interest rates for its main forecast. True, it has delivered a 1 percentage point cut to 6 per cent since the Treasury crunched its numbers, and no doubt it would cut further if the risk of deflation and recession revived.

Wage settlements
Still, the Bank's assumption does emphasise the fact that inflationary pressures have not been entirely overcome in the UK. Despite the unreliability of earnings data, it says that wage settlements have increased "markedly" over the past 18 months, while the labour market remains tight.

This suggests that the Bank may not move rates down very rapidly, despite the exceptionally gloomy expectations of manufacturers shown by industrial survey data. These do not reflect the strength of sterling. But the pound is now 11 per cent below its March peak against the D-Mark, and market interest rate differentials imply a 10 per cent fall in its trade weighted index over the next decade.

There may, therefore, be some relief in prospect for exporters. But it will be less than they want, if only because the expansion of government spending over the next three years will tend to buoy up the economy, and therefore keep interest rates somewhat higher than they might otherwise have been.

Despite this, the relatively benign forecasts from the UK authorities are not implausible. Steady low inflationary growth, which seemed so elusive in the last three decades, was, after all, usual in the 1950s and 1960s.

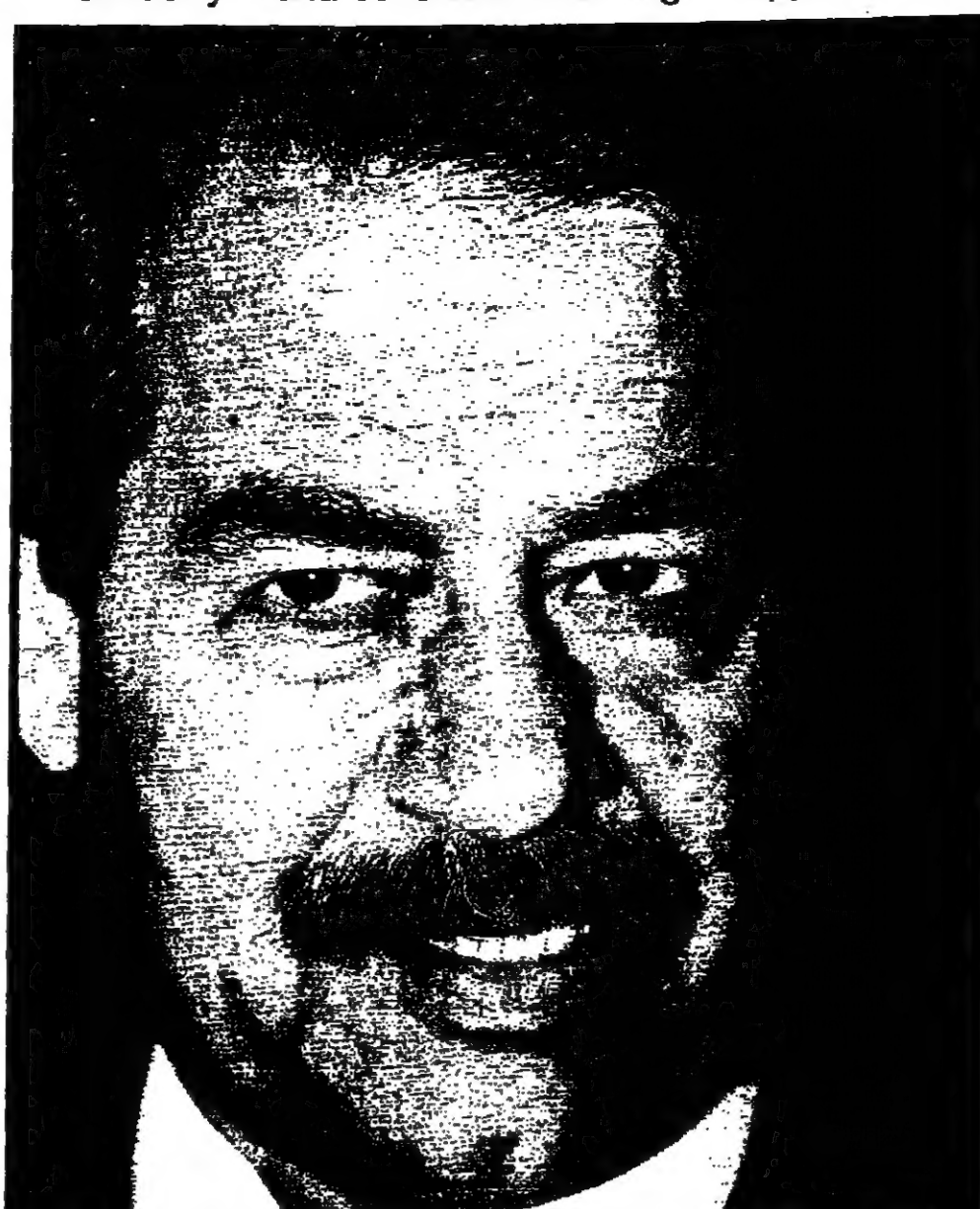
One danger now is that stock markets on both sides of the Atlantic could be buoyed up once more on a froth of inflated hopes. The string of profits warnings in the UK this week emphasised the point. Collapse of equity prices, further trouble in Brazil, or something else quite unexpected could quickly reverse present hopes.

In such a case the world's central banks may need to continue to cut rates aggressively. But in the absence of such trouble, they should stand firm for a while, ready for a more cautious response in the hope that the recent storms really are blowing themselves out. The first test comes when the Fed meets in Washington next week.

COMMENT & ANALYSIS

Face-off in Baghdad

David Gardner explains how the crisis in Iraq blew up so suddenly - and considers what might happen next



Saddam Hussein: the Iraqi leader has demonstrated to his enemies that diplomacy does not work with him

It has happened extraordinarily fast. At the start of the week, Iraq seemed just another ordinary state. At the end of it, the drums of war are beating. With little prior notice, the US, backed by the UK, is poised to strike, probably within the next few days.

It is all very different from the long build-ups and the set-piece confrontations, full of bluster and melodrama, to which Saddam Hussein had accustomed his adversaries. To understand how different, compare the sudden crisis now to the ones of last winter.

Twice, in November and February, the US marched its troops up the hill, and then back down again, as Mr Saddam defied the United Nations to set limits to his ability to threaten his neighbours. The Iraqi dictator came out ahead on points in both these challenges to Uncom, the UN special commission charged with uncovering and destroying Iraq's weapons of mass destruction.

This time may be different. The man who said - just before he invaded Iran in 1980 - that he always differentiated between "calculated tenacity and downright risk", the man whose name in Arabic means "one who confronts" or "hits out", appears to have miscalculated. His opponents, however, appear determined to avoid the mistakes they made then.

On the earlier occasions, Washington mistakenly believed the US-led Gulf war coalition would acquiesce in a new assault on Iraq; when it did not, the US thought it could go ahead anyway.

In fact, it underestimated divisions within the alliance about how to contain Mr Saddam who, after seven years of sanctions had actually strengthened his grip on power while his people starved.

As US aircraft carriers steamed into the Gulf, continental Europeans, led by France and backed up by Russia, favoured diplomacy. All Arab leaders, with the oblique exception of Kuwait, opposed force, fearing it could ignite a popular backlash at a time when the ordinary Iraqis' sufferings under sanctions had become clear and Washington's standing in the region, as a result of its support for Israel in the Middle East peace process, had virtually collapsed.

Washington's attempt to convince Americans, moreover, backfired at a televised "town hall" debate in Ohio, when three top administration officials, broadcast live to, among others, Mr Saddam in Baghdad.

The root problem was to define a goal that air strikes might realistically achieve. The US-UK position was that Iraq must be prevented from recreating or deploying non-conventional weapons. But they failed to explain how this could be done from the air, especially since the crisis was caused by Baghdad's success in concealing nerve gas and germ warfare agents from inspectors on the ground.

At that stage, moreover, Uncom inspections had already succeeded in uncovering considerably more of Iraq's arsenal of weapons of mass destruction than had been destroyed in 40 days of allied bombing during the Gulf war.

But there is a crucial distinction between then and now: the extent of Mr Saddam's defiance. Last winter, he first tried to prevent American inspectors from functioning - accusing them of spying - and then sought to bar access to a number of his palaces where Uncom suspected he was hiding bits of his armoury.

Whereas then, Uncom eventually was allowed back in after a UN-brokered deal promising "unfettered access" to suspected weapons facilities, this time Mr Saddam first stopped new field inspections and then halted all monitoring of previously uncovered sites. In other words, he shut down Uncom. And this, at a time, when the UN Security Council was preparing a full review of whether Iraqi compliance justified a review of sanctions - precisely the issue Baghdad's previous but partial challenges were designed to get back on the agenda.

Such a comprehensive challenge to the UN has paved over divisions within the Security Council, leaving those sympathetic to Iraq's plight, such as France and Russia, with no cards. Just as telling, although Iraq's Arab neighbours are no less worried now than they were then about the consequences of air strikes, they have been reduced to silent acquiescence. Like France and Russia, they are against military action but will not oppose it.

On Thursday, Egypt, Syria, Saudi Arabia and five small Gulf states, all part of the Gulf war alliance, told Mr Saddam he would be "solely responsible" for the consequences of his defiance. Last February, President Hosni Mubarak of Egypt, who co-ordinated the Arab response to the crisis, said "we will face a hell of a problem" if air strikes went ahead. This week he called on Iraq to "come to its senses, understand the gravity of the situation, be responsive to the Security Council resolutions and implement them... to spare the region the dangers of the use of force".

Arab fears remain but Mr Saddam has, by overreaching himself, engineered a shift in Arab opinion. "People are fed up with this... kind of cat-and-mouse game," William Cohen, US defence secretary, said on Thursday, warning that if military action did go ahead it would be "significant", and not just the "pin-prick" missile strikes launched three times after the Gulf war to keep Baghdad in line.

Derek Fatchett, the British foreign office minister in charge of the Middle East, said yesterday: "The Gulf countries know we are at the real crunch point, and that it does the region no good to keep going through these crises. I think it is now true to say that Saddam Hussein is without a friend in the region."

There may still be no consensus behind force, but Mr Saddam would appear to have demonstrated to his enemies - sympathisers and waverers alike - that diplomacy does not work with him.

The US, moreover, is now in a position to act swiftly, without the need for a long build-up or

sensitive negotiations with Gulf allies over the use of their air bases to attack Iraq. Although it has little more than half the warships and aircraft it had in the Gulf last February, it has double the number of seaborne cruise missiles, plus two dozen B-52 bombers and F-117 "stealth" fighters on their way to the Indian Ocean island of Diego Garcia.

All the same, military action is still a gamble.

Now, as in February, Washington and London have still to spell out what air strikes will be able to achieve. Both have said the object is to force Iraq's compliance with UN resolutions. President Bill Clinton said yesterday that Mr Saddam "will have to put his hands to end this crisis now" by assuming co-operation with the weapons inspectors.

But even if the Iraqi leader backs down and Uncom is allowed back in, this will not guarantee that Iraq will not continue to manipulate the inspection process to challenge the UN.

If bombings do go ahead, the aim would appear to be to "degrade" Iraq's military infrastructure and attack the underpinnings of the Saddam regime such as the Republican Guard, his intelligence service and weapons concealment units - using information largely gathered by Uncom. "We know much more about his country than he thinks we know," George Robertson, UK defence secretary, said yesterday. "We are capable of taking action against his military infrastructure that will make sure he does not have the power to threaten his neighbours."

The sustained bombing campaign the US is threatening would, however, risk heavy civilian casualties. There must be a risk too that Iraq could fragment, with the Kurds in the north and the Shia in the south trying to break free, as they did after the Gulf war.

And when the bombing stops, the US and its allies will still have to think of an alternative to Uncom. Without internal monitoring, the only feasible option appears to be external deterrence on the cold war model. Under such a strategy, Iraq's leadership would be guaranteed proportionate retribution any time it threatened its neighbours with either conventional or non-conventional weapons. This appears to have persuaded Mr Saddam not to carry out his threat to use chemical weapons against the allies in 1980-81, whereas he had had no compunction in using them on Iran and the Kurds in the 1980s.

Yet there is no evolving strategy to get at the core of the problem - Mr Saddam himself - whose people face not only the misery of sanctions and hours of air strikes but the prospect of enduring his rule into an indefinite future.

Last month, John Gannon, chairman of the US National Intelligence Council which advises the CIA, said "we expect Iraq's Saddam Hussein to be gone by 2010, though this judgment is based as much on pure speculation on our part as informed analysis." Quite.

LETTERS TO THE EDITOR

EU: time to shift the gears

From Dr Stephen C. Calleja.
Sir, "Journey to the unknown" (November 9) accurately explains the European Union's mismanagement of its current phase of enlargement. The EU should immediately adopt a strategy based on balancing geopolitical realities. This strategy should focus on three dimensions: north-western Europe represented by the Baltic states, Central and Eastern Europe, and the Mediterranean represented by Malta and Cyprus.

The EU should eliminate the "fast track" label, which is a misnomer and a strategic error. All EU applicants should be assessed on their own merits, as it is clear that some cases are going to be more straightforward than others. Since the Luxembourg summit, regional dynamics along the EU's periphery have evolved at a rapid rate.

The EU's enlargement process must be flexible enough to accommodate such changes. Such a "shifting of gears" approach will allow the EU to proceed more smoothly with its enlargement process while simultaneously fine-tuning its internal structures. By avoiding raising expectations and being divisive, the EU will already be taking steps towards the goal that the enlargement process is supposed to be about: that of projecting stability.

Stephen C. Calleja, deputy director, Mediterranean Academy of Diplomatic Studies, University of Malta, Pal-Qroq, Msida, Malta

A butterfly wing-flap of no concern to hedge funds

From M. Paisley.
Sir, Fletcher Robinson (Letters, November 7-9) takes Peter Martin to task for suggesting that the hedge funds take deliberate risks to earn their 20 per cent returns. Quite so. When, to take a notorious recent example, they can use massive funds to sell short on the Hong Kong Stock Exchange, and then use more massive funds to attack the Hong Kong dollar, drive up interest rates and duly achieve the fall in stock prices which gives them their certain profits, where lies the risk?

It so happened that the Hong Kong government broke all the rules that civilised nations

observe towards markets and intervened to dish them, but who could have foreseen that? That their operation, had it been successful, could have been the butterfly wing-flap that brought chaos to Hong Kong, then China, then Asia, then the rest of the world, was no concern of theirs. Why should it have been? Their fiduciary duty is exclusively towards their shareholders. The rest of mankind should take care of itself. Is that not so?

M. Paisley, 60 Glenelg Road, Fivers, Barts, London N11, UK

Experts have made it clear that Landmark Forum is not a cult
From Mr Mark Kamin.
Sir, In her article "Spiritual values come before a fall" (August 22-23) Holly Finn mentioned that some people consider the Landmark Forum to be cult-like. No one from your newspaper contacted Landmark Education to verify whether or not such a horrific allegation is valid.

If you had, we would have given you extensive documentation, including letters from dozens of psychotherapists, psychiatrists, cult experts, clergy members and officials from law enforcement, that make it clear that the Landmark Forum is not a cult, or cult-like.

In addition, we would have provided the resolution by the board of directors of the Cult Awareness Network (CAN), the most prominent anti-cult organisation in the US, that: "CAN does not hold, and has never held, the position that Landmark Education Corporation or any of the programmes of Landmark Education Corporation, including the Landmark Forum, is a cult or sect."

Mark Kamin, director of communications, Landmark Education Corporation, 353 Sacramento Street, Suite 200, San Francisco CA 94111, US

Foot-dragging that puts your holiday at risk

From Mr David Phillips.
Sir, Lord Cobbold is right to draw attention to the psychological advantages of DM2-Ecu 1 ("Euro as Doppelmark" is a value worth bidding for". Letters, November 12). But it would be interesting to know his estimate of the rate to which sterling will have fallen by the time the British government pucks up the courage to espouse the euro.

It is only when we can no longer afford to take holidays on the continent that we will realise the folly of not having joined the common currency in the first wave.

David Phillips, Knettishall House, Knettishall, Diss, Norfolk IP22 2TQ, UK

Let's rename the Doppelmark
From Mr Martin B. Murphy.
Sir, "Come on central bankers, give it a go" urges Lord Cobbold in support of his view that the euro would benefit from a value of exactly two D-Marks.

Perhaps if this were achieved we should consider calling the new currency the "Cobbold euro".

Martin B. Murphy, Department of Law, The University, Huddersfield, W. Yorks HD1 3DH, UK

IONIAN FINANCE
FOR EXPRESSIONS OF INTEREST IN PURCHASING AN ANTIBIOTIC PRODUCTION PLANT OF THE INSTITUTE OF PHARMACEUTICAL RESEARCH AND TECHNOLOGY (IPRT)

According to:
1) the provisions of Law 2000/91 "For denationalisation and simplifying liquidation procedures, promoting the rules of competition and other provisions";
2) the decision of the International Denationalisation Committee dated 29/01/97.

It is hereby announced that the Institute of Pharmaceutical Research and Technology (IPRT) intends to sell an Antibiotic Production Plant, situated in Agios Stefanos in the city of Patras, to Ionian Finance S.A. (the "Advertiser") as its exclusive advisers regarding the sale procedure.

Short description of the Antibiotic Production Plant
The Plant was built for the purpose of producing penicillins and cephalosporins in solid form in the form of dry ingredients, dry drops and capsules. It is situated in the Industrial Sector in the city of Patras in an area of 19,672.7 sqm. The Plant's construction started in 1985 and, following its completion and test run in 1990, was never put to use, although it has been maintained in good condition. The Seller has stated that all the Good Manufacturing Practices were adhered to during the Plant's design and construction phases.

New financial expression of interest and short list
Interested investors are hereby invited to express their non-binding interest in purchasing the Antibiotic Production Plant in Agios Stefanos in the city of Patras by submitting:
- a brief description of their full range of activities;
- financial statements for the past 3 years.
Interested parties may also make notes of additional data they may require and raise any questions which, in their opinion, could be of influence to the content of their bidding offers.

Expressions of interest should be written in Greek or English and must be submitted by 14:00 hrs on 30/11/1998 at the latest, at the offices of the advertiser as follows:
ABN AMRO Bank N.V.
330, Thessalon Avenue
176 75 Kallithea, Athens, Greece
Attn: Mr Anthony Haidichos
Tel: (301) 937 127,
Fax: (301) 940 9338
IONIAN FINANCE S.A.
15, Vasilissou Str.,
106 71, Athens, Greece
Attn: Mr Ioannis Chelididis
Tel: (301) 362 911/12/13,
Fax: (301) 362 9376

Expressions of interest submitted after the date and time specified above will be disregarded.

During the expressions of interest period, interested investors can receive from the Advertiser an Information Note that will include a brief description of the Antibiotic Production Plant.

Following the Expressions of interest, investors will be invited to sign a Confidentiality Agreement prior to receiving an Information Memorandum in Greek that will include the terms and conditions of the sale of the Antibiotic Production Plant.

A public Announcement for the submission of binding offers will follow which will include the criteria for the selection of the best offer and further procedure.

The IPRT reserves the right to terminate the procedure, should it consider the bidding offers to be not acceptable.

For further details, interested investors can contact the Advertiser.

This advertisement has been prepared for the purpose of Section 87 of the Financial Services Act 1996 by ABN AMRO Bank N.V. which is regulated by the Securities and Futures Authority for the conduct of investment business within the UK.

European Investment Bank
NLG 300,000,000
Floating Rate Bonds 1992
due May 15, 2002

In accordance with the Terms and Conditions of the Bonds, notice is hereby given that for the Interest Period from November 16, 1998 to February 15, 1999 the Interest Rate has been fixed at 2.84 per cent.

On February 15, 1999, the following amounts will be payable on the outstanding denominations:
NLG 10,000: NLG 21.79
NLG 100,000: NLG 717.89
NLG 1,000,000: NLG 7,178.89

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سكرا من الاربعين

The doomsday scenario

Tony Jackson asks what the year 1000 has to tell us about the year 2000 computer bomb - and trawls the internet to find out

"In the year 1000 of Jesus Christ, there were many extraordinary events... Around 9 o'clock on January 15, the sky split and a torch-like object with a long track like a lightning bolt hit the ground with such dazzling brightness that even people indoors were injured. As the sky closed, a dragon figure appeared with expanding head and blue feet." Siebert of Gembloux, Chronicon Universale, c1114.

This time round, if more excitable voices are to be believed, dragons will be only the start of it. Thanks to the infamous millennium computer bomb, aeroplanes will plummet from the sky and nuclear reactors will explode. Traffic and hospitals will seize up. So will the world financial system. And, of course, the phones will be down.

Alternatively, it will not be like that at all. Most people in the developed world will be affected, but only in irritating and trivial ways. All sorts of devices will develop petty malfunctions: video recorders, timers, even home computers. But it will all be containable. Life will go on.

There is no knowing which of these extremes is closer to the truth. After all, the experiment has yet to be tried.

But the millennium bomb - Y2K, as it is universally known in the jargon - is not solely an objective phenomenon. It is also highly subjective: for the coming of 2000 is a momentous thing in itself, and affects different people in different ways.

How are the two to be disentangled? It would be useful, one might think, to look back at the mood of the world 1,000 years ago and seek to draw lessons. But even here, it seems, scholars are divided.

The popular image is one of mass hysteria: people galvanised by the threat or promise of the Second Coming, forming weird sects and packing into churches on the evening of December 31 999.

The snag is that there is apparently little evidence for this. Most medieval historians now regard it as a romantic fantasy, cooked up by French historians in the 19th century.

Lately, however, the pendulum has been swinging again. As Richard Landes, an American historian, argues, the scarcity of evidence is unsurprising. After all, the Second Coming never arrived. If the millennium bomb proves a damp squib, it too will be followed by an embarrassed silence.

The resemblance does not stop there. For those waiting



apprehensively in 999, the crucial point was that the mind of God was unknowable. In today's wired world, the number of connections is such that the overall system is unknowable as well. For God, read the network.

It is not even necessary for individual failures to be big in themselves. Chaos theory tells us the flap of a butterfly's wing in Beijing could cause a storm in New York. Seemingly unrelated minor events - a systems glitch at a Malaysian port, a lost order in Kazakhstan - could have unknown consequences further down the line.

With a bit of bad luck, the millennium could give chaos theory a field day. It is from this uncertainty that doomsday scenarios are born. Try this one: "Y2K has the potential to create suffering, hardship and death on a worldwide scale we have never experienced in the history of the human species." That comes

from the worldwide web - suitably enough, the best source of moods and opinions in the run-up to the great event.

The thousands of web sites devoted to the topic, mostly American, run the gamut from the supposedly factual to the overtly mystical.

The case for world breakdown is set out by Gary North, an American self-styled "Christian economist". "If computer failures are sufficiently widespread," we read in *garnorth.com*, "urban society will collapse. Without banks, water, sewers, communications and electrical power, cities will become nightmares. Under such conditions, the Federal government would have to declare martial law."

If we are lucky, that is. For by that time, unfortunately, the banking system will have collapsed. "When depositors see that their money may disappear in the scrambling of the banks'

computers," Mr North writes, "they will go down and demand payment in cash. On that day, the mother of all bank runs will begin. It will spread to every bank on earth."

That in turn means the death of government. "The government's moral claim on the public's obedience - legitimacy - will end the day that the banks close... Any modern government that cannot write a cheque or cash a cheque is no longer in business. If it can't pay its army or its mailmen, it's doomed."

From this, it is a short step to survival theory. This is always a rich field for those (surprisingly numerous, it seems) who find the end of civilisation exciting.

Any upheaval in world affairs is an excuse to head for the hills with a brace of shotguns and a year's supply of tinned food - or at any rate, to fantasise about it. On the web, you will find ear-

wells for drinking water, and whether you need to lay in three years' clothing for your children, or only two.

You are told what kind of food to buy - "wheat, corn, beans and rice, available in six-gallon buckets from various food storage companies" - and how to fortify your country retreat against urban predators.

Some, more charitably, think of their neighbours. The members of one church in Georgia, USA, are striving to make themselves self-sufficient.

"Most importantly," we read, "they are holding classes to train everybody in the church on how to witness, and renewing them on the scriptures, because they believe they're going to be the only people who are ready with lights, food and communication."

This brings us back to religion proper. As the web site of a Californian religious broadcasting network puts it: "Are you ready for Y2K? More important, if you died today, do you have the assurance you would go to heaven?"

The circle is neatly closed on a web site aptly named *christianity2k*. "One thing is certain," it observes. "Whatever happens on January 1, 2000 won't be a surprise to our Lord."

America, of course, is the world's most technologically advanced society. It is also, in numerical terms, one of the most Christian. The US takes the millennium threat more seriously than the rest of the world. But how far is that a product of its technology, and how far of its Christianity?

Earlier this year Ulrich Hartmann, head of the German industrial giant Veba, was asked where his company stood on Y2K. His response was, in its way, magnificent. "I don't understand anything about that," he said. "But we've had consultants in, and they tell me there isn't a problem."

Veba is, among other things, Germany's second-biggest generator of electricity. It is conceivable that Mr Hartmann is wrong, in which case a lot of Germans will greet the millennium in the dark.

Or maybe not. Perhaps his implicit point is correct: that the big problems are in the hands of big entities - governments and companies - which have the resources to fix them.

If so, a number of people are going to feel rather sheepish. But once a doomsday theorist, always a doomsday theorist. Those so inclined will come up with some new bogey to fret over. It will not take them another 1,000 years, either.

They see a new heaven

'And he gathered them together into a place called in the Hebrew tongue Armageddon.' Avi Machlis reports

When Palestinian police found John the Baptist wandering through the desert in animal skins, they turned him over to the Israeli health authorities who were not particularly surprised.

Each year, Israeli psychiatrists treat about 100 foreigners afflicted with "Jerusalem Syndrome", a disorder that afflicts tourists overwhelmed by Jerusalem and the Holy Land.

Jerusalem is a hallowed Swedish visitor. But the authorities are worried that between Easter 1999 and Easter 2000, more dangerous visitors will arrive among the millions expected to celebrate the millennium in the place of Jesus's birth. At least 4m tourists are expected during the period, twice as many as in 1997. A much higher proportion than usual will be religious

Mr Bar-Eli says most tourists who get swept away during their stay have had previous psychiatric problems. Christians and Jews are equally susceptible. In rare cases, perfectly normal visitors catch the bug.

Some arrive in Jerusalem already believing they are a biblical character. Others expect a miracle. Last month, the US warned Israel that an apocalyptic cult from Colorado with more than 30 members may be headed for Jerusalem to commit mass suicide in December 1999.

More ominously, say millennium watchers, some apocalyptic groups may try to bring about the end of the world - and they have role models.

In 1968, Michael Rohan, a Christian fundamentalist from Australia, set fire to the Al-Aqsa mosque, Islam's third holiest site. He wanted to rebuild the ancient Israelite temple on the site, and then destroy it to spark Armageddon and the resurrection of Christ. Alan Goodman, another clinically diagnosed psychotic, opened fire on Muslims at the temple mount in 1982, killing one Palestinian and injuring four.

These were acts by individual lunatics. Evangelical Christian representatives distance themselves from such millenarian madness.

"We believe we are in prophetic times, and probably the greatest sign of this is the regathering of the Jewish people in this land," says David Parsons, spokesman for the Christian Embassy in Jerusalem. "There is a growing expectation [that Jesus will return], but I don't know of any prominent Evangelical figures [who say it will happen in] the year 2000."

Trouble, if it comes, will not be associated with the behaviour of the vast majority of religious visitors but with the acts of the few. With the political state of the Holy City set to be discussed in future peace talks, individual acts of violence could have disastrous consequences.

"It is now possible for people who want to bring about the end of the world to bring it about," says Richard Landes, a medieval historian who heads the Centre for Millennial Studies at Boston University in the US. "People behave very strangely under millennial circumstances."

'The combination of mentally unstable people and religious faith is extremely dangerous'

pilgrims. A small group of believers has already gathered on the Mount of Olives to greet Jesus when he returns.

"People see Jerusalem as the centre of the world, a gate to heaven and the place where messiah will be revealed," says Yair Carlos Bar-Eli, Jerusalem's district psychiatrist. "During the millennium, many will arrive full of religious fervour, and the combination of mentally unstable people and religious faith is extremely dangerous."

Israeli authorities say they are beefing up security near holy sites and briefing psychiatrists in Nazareth, Tiberias and Jerusalem. Israeli and Palestinian officials are even working together near Palestinian-controlled Bethlehem.

"We don't want to hospitalise crazy people from all over the world," says Michael Dor, a health ministry official. "As soon as someone is diagnosed, we will send them home as quickly as possible and the State of Israel will foot the bill."

Braveheart and the fund managers

As finance becomes more international, Jane Martinson considers how long Edinburgh can continue to be a financial centre

Once upon a time, Edinburgh was one of the world's great financial centres. Its banking history dates back to the 17th century as the number of institutions with the word Scottish in their title (Scottish Amicable, Scottish Widows, Scottish Life).

From the Scottish capital, money flowed to finance the expansion of the British empire and later the US railway system and the cattle ranches of the American west. One of the great books on finance, Walter Bagehot's *Lombard Street* (1873), saw the Scottish central banking system as a model for others.

Now, the financial sector contributes about one-fifth of Scotland's gross domestic product, with fund management particularly important because of the foreign revenues it attracts.

But the Scottish fund

management industry is in trouble. Figures published by Scottish Financial Enterprise, an industry lobby group, show that total funds managed in Scotland actually fell last year, in spite of rising stock markets (from £160bn (£268bn) in 1996 to £154.6bn in 1997). If this trend were to continue, Edinburgh could soon be overtaken by Stockholm in the European league table of equity management centres.

Part of the explanation for Edinburgh's decline lies in the takeover of Scottish Amicable and General Accident, two of Scotland's largest fund groups, which have carried funds south. But

being swallowed up by larger fish in an increasingly globalised industry is only one of the threats facing Scottish fund managers.

"Do you remember the scene in *Braveheart* where all the clans fight each other rather than the English?" asked one senior Scottish executive. "That's what the fund management community here is like."

The acerbic view of a man who has worked as an Edinburgh-based fund manager for decades goes to the heart of the debate about the future of the industry.

How can Scottish fund management companies prosper in a world

increasingly dominated by global giants? Should they continue to compete against one other as niche operators? Should they take part in the growth-by-acquisition game? Or should they merge?

Questions about the future of the industry are set to become more insistent in the run-up to next year's elections to the Scottish parliament. "With devolution there is bound to be a sense that you have to hold some sort of core here," says Orie Dudley, chief executive of Scottish Widows Investment Management.

But what sort? Graham Wood, head of UK and European equities at Standard

Life, Europe's largest mutual assurance company, based in Edinburgh, says: "Scotland is going through a renaissance at the moment. People are having to decide: should we be niche or general? And, if the latter, how do we get the necessary scale and resources?"

With more than its fair share of medium-sized fund managers, Scotland is facing in acute form a problem that is becoming more common as financial institutions become bigger and more international. "You've either got to be quite big or boutique and the companies in the middle will die," says Allan Munro, director of Friends Ivory & Sims, the

recently merged fund manager. "It's the way the whole industry is going."

The Scottish industry divides into two types: large life assurance companies such as Standard Life, and smaller fund management companies, many of which are partnerships such as Baillie Gifford. Both suffer from problems.

Many of the large companies are mutuals, owned by policyholders rather than shareholders, so they are constrained in their ability to raise capital. As for the smaller companies, weak distribution networks have limited their ability to reach critical mass in terms of funds under management.

Amid all the concern over money fleeing south, it might seem strange that Scottish companies have not merged to compete with larger English or international rivals. Gavin Gemmell, a veteran of the Scottish industry and senior partner of Baillie Gifford, says mergers have been often muted but rarely acted on. "We value running our own business," he says. "I am not sure what putting it together [with a larger group] would achieve."

Edinburgh's "small town, big inferno" scene has also acted as a deterrent to consolidation - so many senior fund managers share the same background, as well as

career. "Who wants to be taken over by someone you went to school with?" as one of them puts it.

But although Scottish firms have largely eschewed mergers and acquisitions so far, there has recently been some evidence of change, notably among the life insurers. Most of these are creating separate fund management divisions to help them win all-important third party business. Standard Life launched its own asset management division on Wednesday.

Few industry analysts, though, believe that these changes will be sufficient to stem the industry's decline. They predict more consolidation. Standard Life's Mr Wood sums it up: "We need to be successful in a UK context. Being Scottish and wearing kilts is not going to provide us with a living."

MAN IN THE NEWS CARL LINDNER

Banana Republican

Quentin Peel examines the Cincinnati businessman's role in the US-EU trade dispute

Even in the incestuous world of trade politics in Washington, where deals are done behind closed doors and lobbyists reign supreme, they talk of Carl Lindner in hushed tones.

If the present war of words between the US and the European Union over bananas comes to real blows, his influence will certainly be seen as critical.

This veteran financier, 80 next year, has succeeded almost single-handedly in turning a row about someone else's exports, into an issue of principle for the US government, and the possible cause of a serious rift in relations with its biggest trading partner.

And yet no one admits to surprise. "It is a textbook case of how trade policy works in this city," says a diplomat closely involved in trade talks. "It is driven by very narrow interest groups. And nobody is prepared to stand up to this."

Mr Lindner is a banana baron, although a thoroughly unlikely one. He is chairman and chief executive of Chiquita Brands International, the largest banana producer and trader in the world, with some 26 per cent of the market.

He is also publicity-shy and hugely rich, a rightwing philanthropist, and one of

the biggest political contributors in the country, from his base in Cincinnati, Ohio.

He consolidated his fortune as one of the largest users of junk bonds in the 1980s, when he was said to have been the biggest single client of Drexel Burnham Lambert, the brokerage firm which dominated trading in the sub-investment grade market. Chiquita, based on the former empire of the United Fruit Company of Central America, is just one of the investments he has acquired in a remarkable career.

Although a lifelong Republican and a strict Baptist, he is now a major donor to both US political parties, as part of a lobbying operation which has brought him extraordinary influence.

In 1993, the EU introduced new rules to discriminate in favour of buying Caribbean bananas, and therefore squeezed the share of Chiquita's "dollar bananas" from one of its most lucrative markets. Since then, Mr Lindner has lined up a

remarkable bipartisan battery of political heavyweights to gain for him in the capital.

Headed by Bob Dole, the former Senate majority leader, and Trent Lott, his successor as majority leader. It includes Newt Gingrich, the former Speaker of the House of Representatives, Senator John Glenn of Ohio and space fame, and Congressman Richard Gephardt, the House Democratic leader. All wrote letters to President Bill Clinton and Mickey Kantor, then US Trade Representative, urging tough counter-measures against the EU. They also tried to bring down the wrath of the US on any Central American country that dared to break ranks and join the EU cartel.

But it did not stop there. One story they tell of Mr Lindner in Washington, with awe and amusement, concerns a live televised benefit at Ford's theatre, the historic monument where President Abraham Lincoln was assassinated. President Clinton was guest of honour.

Paula Poundstone, the stand-up comedienne on stage, decided she wanted to know who was sitting beside the president. She pestered the elderly gentleman until he admitted to being Carl Lindner, and that his business was "in bananas".

"So why does the president know the banana guy?" the irrepressible Ms Poundstone persisted. "He has a lot of money," Mr Clinton joked.

That is certainly true. According to *Forbes* magazine's listing of the 400 richest people in America, Mr Lindner is worth \$830m (£500m). His family, including his three sons (Keith is vice-chairman of Chiquita), is worth well over \$1bn.

He says: "I am the luckiest man alive." He is also a self-made man. A school dropout at 14, he helped in the family dairy business in the Depression, before opening an ice-cream store with his brothers in 1940, for an investment of \$1,300. From that he built a 220-store chain, which became United Dairy Farmers.

In 1969 he established the American Financial Corporation, which today is the

holding company for all his assets. His big break came in 1968, when he gained control of Cincinnati's Provident Bank - one of the establishment pillars of the city - and then moved into property and casualty insurance, buying Great American.

By 1974, when he began his dealings with Michael Milken at Drexel Burnham, American Financial Corporation had equity of \$192m and debt of \$822m.

It was only in 1984 that he stumbled into the exotic world of bananas, with a corporate raid on United Brands (the successor to the United Fruit Company) which won him 55.9 per cent control. He renamed it Chiquita in 1990, to identify with its principal brand name for bananas.

Almost ever since, he has been at war with the EU, first over European accusations of unfair competition, and abuse of its dominant position. Since 1993 that has been subsumed into the broader question of the EU banana regime.

But it is the fact that Mr Lindner has won the highest level of US political support

for his commercial campaign that is most remarkable, and the greatest tribute to the power of his lobbying and political donations.

"There is a lot of money at stake," according to one Washington trade lawyer who has fought against Chiquita. "Potential profits from banana sales in Europe run to about \$1bn a year. Mr Lindner is very aggressive in competing for it."

He has vociferous opponents, but they are in a clear minority. Congresswoman Maxine Waters, chair of the black caucus, charged "members tied to Carl Lindner" of "lining up on the floor talking of unfair trade practices". His real aim, she claimed, was "to get rid of the competition which comes from those small Caribbean islands".



Oil market reacts to US Iraq tension

WEEK IN THE MARKETS
By Caroline Fossey

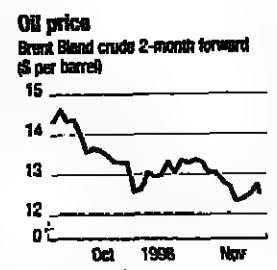
Markets reacted to the growing tension between the US and Iraq after Saddam Hussein's decision to halt UN arms inspections.

The oil price, which had fallen on Monday after the International Energy Agency lowered its forecast for demand, rose throughout the week. By Friday, a barrel of December Brent blend was \$12.73 in late trading on London's International Petroleum Exchange. This was 83 cents up on its close on Monday when the IEA said demand would rise by 550,000 barrels a day (bpd) next year. This compares with 2m bpd in each of the past two years. However, the price later fell to \$12.59 as Iraqi president Saddam Hussein said he would respond positively to any initiative that met his country's legitimate demands.

On the London Metal Exchange, prices slipped at the beginning of the week as profit taking from the recent rally continued and caution about world economic growth prospects took hold.

The LME announced on Tuesday it would modernise its nickel contract by allowing, from January 4 2000, full plate cathodes to be deliverable, as well as the present cut cathode, pellets and briquettes.

Copper for delivery in three months fell 22 cents on Tuesday to \$1,600 a tonne. One analyst warned that it might fall to the 11-year low of \$1,575 seen recently if



Oil price
Brent Blend crude 2-month forward
(\$ per barrel)

Source: International Petroleum Exchange

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the dollar continued to pick up against the yen. By the end of the week, it was down at \$1.59 in late trading.

Gold failed to respond strongly to the military build-up. It rose gradually throughout the week from Monday's closing price of \$320.70 to close at \$326.80 a troy ounce on Friday.

Dealers thought the rally was unlikely to go much further, although Hanspeter Hausheer, analyst at SBC Warburg Dillon Read, said if the US and its allies attacked Iraq the price might move up again.

Cocoa futures weakened on Monday on the London International Financial Futures and Options Exchange and continued their slide. The December contract reached its lowest level of \$971 a tonne on Thursday, but closed at \$975 last Tuesday.

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year to date	1998
Gold per troy oz	\$326.80	+0.30	1997.44	\$312.35
Silver per troy oz	\$37.31	+0.54	1997.49	\$36.77
Aluminium 99.7% (cmt)	\$1,518.5	+11.8	1997.45	\$1,506.7
Copper Grade A (cmt)	\$1,600.0	-22.0	1997.22	\$1,622.0
Lead	\$1,000.0	-10.0	1997.10	\$1,010.0
Nickel	\$1,500.0	-10.0	1997.10	\$1,510.0
Platinum	\$1,000.0	-10.0	1997.10	\$1,010.0
White Sugar	\$1,000.0	-10.0	1997.10	\$1,010.0
Wheat	\$1,000.0	-10.0	1997.10	\$1,010.0
Barley	\$1,000.0	-10.0	1997.10	\$1,010.0
Maize	\$1,000.0	-10.0	1997.10	\$1,010.0
Soya Beans	\$1,000.0	-10.0	1997.10	\$1,010.0
Wheat (US)	\$1,000.0	-10.0	1997.10	\$1,010.0
Wheat (UK)	\$1,000.0	-10.0	1997.10	\$1,010.0
Wheat (Canada)	\$1,000.0	-10.0	1997.10	\$1,010.0
Wheat (Australia)	\$1,000.0	-10.0	1997.10	\$1,010.0
Wheat (New Zealand)	\$1,000.0	-10.0	1997.10	\$1,010.0
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CURRENCIES & MONEY

Yen does better

MARKETS REPORT

By Alan Smith

The yen fared somewhat better yesterday after the Japanese government hinted that the fiscal package would be approved. The yen recovered against the dollar to close at ¥132.2, over one per cent higher than the previous day's close of ¥133.9.

After the chilly reaction to the details of the fiscal stimulus released on Thursday, which suggested a total of around ¥17,000bn, the Japanese government claimed yesterday that the size of the boost could be increased to around ¥22,000bn.

The Bank of Japan also announced an increased borrowing facility for banks for the remainder of the current fiscal year, and hinted that it might in addition bypass the country's ailing banking sys-

tem and lend direct to the corporate sector.

The boldness of the plan to lend direct to companies impressed some, who suggested that it was the only thing which could prevent the weakness of the banking system weighing on the real economy. Many expressed the feeling that any extra liquidity provided to the banks by the monetary authority would simply be spent on dollars.

But cynics pointed out

POUND IN NEW YORK

that by exposing itself to the credit risk of companies, such activity could threaten the integrity of the Bank of Japan's balance sheet. It would also be difficult to set proper lending criteria. Some suggested that the Bank of Japan would use the country's ailing banking sys-

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WORLD INTEREST RATES

MONEY RATES

Rate	Over night	One month	Three months	Six months	One year	Two years	Five years
Belgium	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
France	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Germany	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Italy	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Netherlands	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Spain	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Sweden	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Switzerland	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
UK	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Japan	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2

US & LIBOR 3M LIBOR
US Dollar 3M LIBOR 4.50
UK 3M LIBOR 4.50
EURO 3M LIBOR 4.50
JPY 3M LIBOR 4.50

EURO CURRENCY INTEREST RATES

Rate	Over night	One month	Three months	Six months	One year	Two years	Five years
Belgium Franc	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
French Franc	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
German Mark	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Dutch Guilder	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Portuguese Esc	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Spanish Peseta	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Swedish Krona	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Italian Lira	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Japanese Yen	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Asian Ring	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2

SPOT FORWARD AGAINST THE POUND

Rate	Over night	One month	Three months	Six months	One year	Two years	Five years
Belgium	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
France	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Germany	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Italy	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Netherlands	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Spain	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Sweden	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Switzerland	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
UK	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Japan	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Rate	Over night	One month	Three months	Six months	One year	Two years	Five years
Belgium	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
France	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Germany	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Italy	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Netherlands	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Spain	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Sweden	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Switzerland	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
UK	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Japan	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Rate	Over night	One month	Three months	Six months	One year	Two years	Five years
Belgium	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
France	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Germany	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Italy	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Netherlands	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Spain	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Sweden	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Switzerland	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
UK	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Japan	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544

EURO CURRENCY UNIT RATES

Rate	Over night	One month	Three months	Six months	One year	Two years	Five years
Belgium	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
France	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Germany	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Italy	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Netherlands	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Spain	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Sweden	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Switzerland	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
UK	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Japan	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544

UK INTEREST RATES

LONDON MONEY RATES

Rate	Over night	One month	Three months	Six months	One year	Two years	Five years
Belgium	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
France	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Germany	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Italy	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Netherlands	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Spain	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Sweden	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Switzerland	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
UK	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Japan	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544

THREE MONTHS EURO CURRENCY UNIT RATES

Rate	Over night	One month	Three months	Six months	One year	Two years	Five years
Belgium	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
France	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Germany	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Italy	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Netherlands	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Spain	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Sweden	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Switzerland	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
UK	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Japan	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544

BASE LENDING RATES

Rate	Over night	One month	Three months	Six months	One year	Two years	Five years
Belgium	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
France	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Germany	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Italy	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Netherlands	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Spain	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Sweden	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Switzerland	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
UK	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544
Japan	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544	10.7544

OTHER CURRENCIES

	£	\$
Open Rp 50 1225 -	50,2088	30,1880
Company	352,797 -	363,438
	271,870	278,150
	4088.00 -	4088.00
	3000.00	3000.00
	1.5044 -	1.5055
	3.3629	3.3934
	5.1488 -	5.1529
	3.0915	3.0959
	5.7889 -	5.7870
	3.4850	3.4780
	30.5234 -	30.4046
	18.1550	18.2550
	6.1159 -	6.1194
	3.9729	3.9771

The FT Guide to World Companies can be found on the Companies and Finance page in Monday's edition.

UNIT TRUSTS

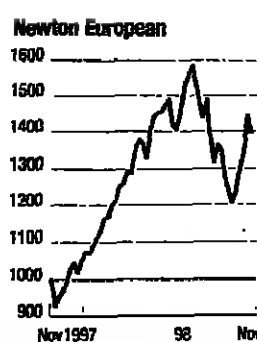
WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR:

Baring German Growth	1,329
Fidelity American	1,309
Newton European	1,309
Invesco European Small Cos	1,309
Jupiter UK Growth Exempt	1,307

BOTTOM FIVE OVER 1 YEAR:

Dimensional UK Smaller Cos	330
Dresdner RCM Gf Emer Mkts	369
Scot Widows Latin America	579
Franklington Emerging Markets	584
Portfolio Emerging Markets	588

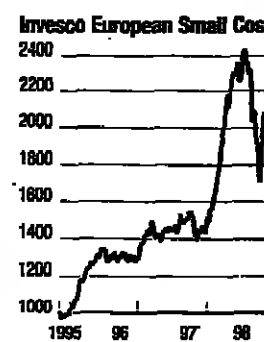


TOP FIVE OVER 3 YEARS:

Jupiter UK Growth Exempt	2,250
TU European	2,109
Invesco European Growth	2,068
Newton European	2,052
Invesco European Small Cos	2,047

BOTTOM FIVE OVER 3 YEARS:

Save & Prosper Korea	277
UK Mutual Thailand Acc	280
Schroder Seoul	293
Baring Korea	333
Save & Prosper Gold & Exptn	351

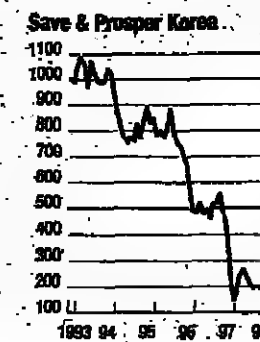


TOP FIVE OVER 5 YEARS:

GA North America Growth	3,102
Garmore European Sm Cos	2,844
Invesco European Growth	2,789
Invesco European Small Cos	2,716
Newton European	2,642

BOTTOM FIVE OVER 5 YEARS:

Save & Prosper Korea	245
Schroder Seoul	283
Old Mutual Thailand Acc	302
Schroder Japan Small Cos Acc	340
Henderson Japan Smaller Cos	353

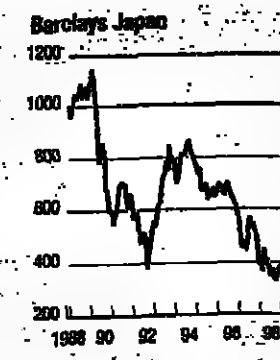


TOP FIVE OVER 10 YEARS:

GA North America Growth	8,059
FBC US Smaller Companies	7,352
Aberdeen Profit Technology	7,408
Hill Samuel US Smaller Cos	6,716
Britannia American Growth	6,516

BOTTOM FIVE OVER 10 YEARS:

Barclays Japan	382
Henderson Japan Smaller Cos	423
M&G Japan Acc	441
Invesco Japan Growth	488
Henderson Japan	532



Tables show the result of investing £1,000 over different time periods. Funds are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Indices

Index	1 year	3	5	10	Volatility	Yield
Average Unit Trust	1021	1252	1437	2771	4.3	2.5
Average Investment Trust	1001	1257	1531	3074	4.5	5.0
Bank	1046	1122	1208	1769	0.8	5.7
Building Society	1043	1114	1200	1765	0.8	5.8
Stockmarket: FTSE All-Share	1140	1598	1835	3783	3.6	3.1
Inflation	1021	1022	1159	1517	0.3	-

UK Growth

Fund	1 year	3	5	10	Volatility	Yield
Jupiter UK Growth Exempt	1387	2250	-	-	4.8	0.9
Johnson Fry Smaller Growth	951	1895	2123	4180	4.3	1.9
Nile & Mercantile 1st Growth	1083	1701	2304	-	3.5	0.9
Lloyds TSB Environmental Inv	1118	1684	1980	-	3.7	1.1
Thornhill Capital	1118	1687	1944	-	3.5	0.3
SECTOR AVERAGE	1034	1411	1675	2886	3.8	1.7

UK Growth & Income

Fund	1 year	3	5	10	Volatility	Yield
Flaming Select UK Income	1148	1748	2120	3071	3.8	2.7
CF The Unit Trust	1301	1718	2327	-	3.8	2.8
Lawrence Kien Income & Growth	1128	1670	1900	-	3.6	3.1
River & Mercantile Top 100	1159	1669	-	-	3.4	3.0
Threadneedle UK Glt & Inc Ret	1096	1564	1903	3592	3.3	1.5
SECTOR AVERAGE	1073	1455	1700	2882	3.8	2.3

UK Smaller Companies

Fund	1 year	3	5	10	Volatility	Yield
GT UK Smaller Companies Acc	1214	1868	1822	-	4.3	1.3
NorthWest UK Smaller Cos	919	1808	-	-	4.7	2.3
Henderson Exempt Cynnet	1038	1560	1882	-	4.2	1.2
Lawrence Kien Smaller Cos	956	1540	2180	-	4.4	1.8
Garmore UK Smaller Companies	870	1509	2047	2844	4.4	1.3
SECTOR AVERAGE	881	1125	1391	2621	4.4	1.9

UK Equity Income

Fund	1 year	3	5	10	Volatility	Yield
BWO UK Equity Income	1117	1705	2108	3313	3.4	3.5
Premier Dividend	1198	1691	2077	2194	3.4	3.7
Jupiter Income	1089	1688	2288	4853	3.1	3.8
Fidelity Income Plus	1114	1628	1761	2427	3.2	4.2
NPI Global Core Income	1096	1572	-	-	3.0	3.3
SECTOR AVERAGE	1082	1437	1680	2776	3.3	4.0

UK Equity & Bond Income

Fund	1 year	3	5	10	Volatility	Yield
US UK Income	1113	1526	1745	-	2.8	3.5
Abbey National Extra Income	1080	1517	1720	3350	2.4	4.4
Edinburgh UK Income	1097	1513	1724	3303	2.9	3.4
CGU PPT High Yield	1080	1504	1685	2482	2.7	5.8
HSC High Income	1044	1486	-	-	2.5	5.8
SECTOR AVERAGE	1048	1360	1610	2381	2.8	5.1

UK Eq & Bd

Fund	1 year	3	5	10	Volatility	Yield
Canlife Income Dis	1068	1496	1688	2983	3.0	2.9
Perpetual High Income	1059	1491	1854	4382	3.8	3.7
Lloyds Bank Extra Income	1049	1447	1627	2716	3.0	3.7
AVA Sun Life High Yield	1050	1447	1688	2487	3.0	2.5
NPI UK Extra Income	1050	1443	1767	-	3.0	2.1
SECTOR AVERAGE	1062	1426	1688	2983	3.1	2.9

UK Fixed Interest

Fund	1 year	3	5	10	Volatility	Yield
CGU PPT Preference	1185	1550	1861	2335	2.3	6.0
Prudential PFI & Fixed Interest	1122	1488	1589	2180	1.5	5.3
Morgan Gren MP Annuity Conv Ex	1138	1472	-	-	1.7	5.0
Henderson Preference & Bond	1082	1482	1576	2061	1.2	6.7
CGU PPT Monthly Income Plus	1105	1480	1571	-	1.7	7.0
SECTOR AVERAGE	1076	1313	1488	2147	1.4	6.0

UK Gilt

Fund	1 year	3	5	10	Volatility	Yield
Flaming Select Long-dated Gilt	1241	1919	-	-	2.1	5.5
Riskley Institutional Lg Gilt	1241	1904	-	-	2.2	5.5
Mercury Long-Dated Bond	1158	1479	1514	-	2.1	5.5
M&G Gilt & Fixed Interest	1154	1424	1490	2272	1.6	4.8
Garmore PS Fixed Interest	1158	1388	1429	2308	1.8	4.8
SECTOR AVERAGE	1116	1309	1334	2164	1.8	4.9

Far East ex Japan

Fund	1 year	3	5	10	Volatility	Yield
HSBC Hong Kong Growth	871	1173	1128	5085	10.0	2.8
HSBC Asia Pacific Growth	962	1188	1282	2720	5.1	-
INVESTCO Hong Kong & China	780	980	790	3933	10.0	2.3
Old Mutual Hong Kong	844	889	787	3855	10.8	2.1
Fidelity South East Asia	980	887	885	3423	8.1	1.4
SECTOR AVERAGE	813	937	887	3387	8.9	1.5

Far East Inc Japan

Fund	1 year	3	5	10	Volatility	Yield
ABG Greater China	684	853	802	1501	9.7	-
Jupiter Far Eastern	579	824	988	1882	7.4	-
Save & Prosper Far East Sm Cos	848	810	353	-	6.3	1.1
Royal & Sunall Far East	880	838	791	1080	8.2	1.3
Fidelity Asia Pacific Growth	887	785	768	1278	8.9	0.1
SECTOR AVERAGE	646	672	632	1426	6.8	1.0

Japan

Fund	1 year	3	5	10	Volatility	Yield
Murray Japan Growth	1085	887	848	-	5.8	-
Newton Japan	876	844	798	928	6.1	-
GT Japan Growth	821	823	838	1230	3.1	0.0
Balfour Gifford Japanese	988	815	796	1198	5.8	-
Martin Currie Japan	827	805	817	-	5.8	-
SECTOR AVERAGE	886	814	878	783	6.3	0.7

Europe

Fund	1 year	3	5	10	Volatility	Yield
TU European	1204	2102	-	-	4.8	1.4
INVESTCO European Growth	1285	2088	2789	5312	6.5	-
Newton European	1289	2052	2642	4826	5.7	0.3
INVESTCO European Small Cos	1280	2047	2716	5357	5.7	-
Baring German Growth	1289	1884	2146	-	6.0	0.5
SECTOR AVERAGE	1188	1638	2016	3970	5.4	0.7

Global Emerging Mkts

Fund	1 year	3	5	10	Volatility	Yield
Stewart Ivory Emerging Market	681	876	811	-	7.8	1.5
Garmore PS Emerging Markets	786	827	573	-	8.0	1.4
Mercury Emerging Markets	681	816	794	-	8.5	0.3
INVESTCO Emerging Mkts	740	748	-	-	9.3	1.3
Marathon Global Mkts	780	737	-	-	6.7	-
SECTOR AVERAGE	685	685	601	1683	8.0	1.3

International Equity Income

Fund	1 year	3	5	10	Volatility	Yield
GT International Income	1215	1602	1744	3888	3.4	2.8
Premier Global 100	1282	1305	1802	1903	4.0	-
M&G International Income	1080	1368	1468	3157	3.5	4.2
Mayflower Global Income	1079	1345	1585	2749	3.2	2.4
SECTOR AVERAGE	1106	1428	1585	2920	3.6	2.3

International Fixed Interest

Fund	1 year	3	5	10	Volatility	Yield
Baring Global Bond	1084	1286	1327	-	1.8	4.8
Newton International Bond	1082	1255	1243	-	1.9	4.1
Barclays BGI Int Fx Interest	1083	1255	1280	-	1.8	4.3
Marathon Managed	1080	1238	1318	2422	1.7	3.5
ACS Int Bond & Convertible	1085	1230	1249	-	1.1	4.4
SECTOR AVERAGE	1086	1083	1128	1916	1.8	4.3

International Equity & Bond

Fund	1 year	3	5	10	Volatility	Yield
Flaming General Opportunities	1114	1483	1638	-	2.8	3.3
GA Income Portfolio	1114	1440	1585	-	3.8	2.7
Bank of Ireland Ex Agl Growth	1080	1380	1811	3279	3.8	2.0
NPI Global Investment Income	1127	1380	-	-	2.5	4.0
MT General	1087	1383	-	-	3.8	-
SECTOR AVERAGE	1073	1275	1388	2807	2.8	2.7

International Growth

Fund	1 year	3	5	10	Volatility	Yield
Franklington Financial	1106	1745	2004	6889	8.2	0.7
Save & Prosper Financial	1088	1684	2168	4385	4.8	0.5
Garmore Global Unit	1348	1670	1887	-	4.3	1.3
Hill Samuel Financial	1084	1580	1886	3882	4.8	1.8
Save & Prosper Growth	1118	1512	1827	4089	4.1	0.7
SECTOR AVERAGE	1084	1245	1408	2845	4.8	1.2

Best Peps

Fund	1 year	3	5	10	Volatility	Yield
TU European	1384	2102	-	-	4.8	1.4
INVESTCO European Growth	1285	2088	2789	5312	6.5	-
Newton European	1289	2052	2642	4826	5.7	0.3
INVESTCO European Small Cos	1280	2047	2716	5357	5.7	-
Threadneedle Euro Sel St Acc R	1285	1884	2146	-	6.0	0.5
AVERAGE UT PEP	1055	1384	1583	-	3.8	2.7

Property

Fund	1 year	3	5	10	Volatility	Yield
Norwich Property	1024	1316	1482	-	1.8	4.7
Aberdeen Property Property Shr	810	1280	1188	-	3.5	2.0
Barclays Property	1008	1233	1340	-	0.8	5.8
Always Residential Property	956	1185	-	-	0.9	5.5
SECTOR AVERAGE	852	1253	1282	-	1.6	4.4

North America

Fund	1 year	3	5	10	Volatility	Yield
Credit Suisse Transatlantic Ac	1291	1995	-	-	4.8	-
Fidelity American	1389	1943	2384	5748	5.3	-
Flaming Select American	1220	1923	-	-	3.8	0.8
Old Mutual North America	1218	1881	1988	4773	4.8	-
GA North America Growth	1210	1873	3102	8059	4.8	-
SECTOR AVERAGE	1078	1520	1827	4563	5.0	0.8

Commodity & Energy

Fund	1 year	3	5	10	Volatility	Yield
M&G Australian Acc	886	1218	1248	1851	5.8	2.8
M&G Commodity	748	723	801	1442	7.0	3.4
Hill Samuel Natural Resources	873	717	785	1252		

Insurances, Money Markets and Other

● FT Ceylon Unit Trust Prices are available over the telephone. Call the FT Ceylon Unit Trusts on 01 49051 9000, 49052 5000, 49053 5000.

FT MANAGED FUNDS SERVICE[illegible]

FT MANAGED FUNDS SERVICE

Offshore Funds

OFFSHORE
AND OVERSEASBERMUDA
(FSA RECOGNISED)

Fund Name	Net Asset Value	Units	Price	Change
Bermuda Investment Fund Ltd	100.00	100,000	1.00	0.00
Bermuda Investment Fund Ltd	100.00	100,000	1.00	0.00
Bermuda Investment Fund Ltd	100.00	100,000	1.00	0.00
Bermuda Investment Fund Ltd	100.00	100,000	1.00	0.00
Bermuda Investment Fund Ltd	100.00	100,000	1.00	0.00

BERMUDA
(REGULATED)**

Fund Name	Net Asset Value	Units	Price	Change
Bermuda Investment Fund Ltd	100.00	100,000	1.00	0.00
Bermuda Investment Fund Ltd	100.00	100,000	1.00	0.00
Bermuda Investment Fund Ltd	100.00	100,000	1.00	0.00
Bermuda Investment Fund Ltd	100.00	100,000	1.00	0.00
Bermuda Investment Fund Ltd	100.00	100,000	1.00	0.00

CAYMAN ISLANDS
(REGULATED)**

Fund Name	Net Asset Value	Units	Price	Change
Cayman Islands Investment Fund Ltd	100.00	100,000	1.00	0.00
Cayman Islands Investment Fund Ltd	100.00	100,000	1.00	0.00
Cayman Islands Investment Fund Ltd	100.00	100,000	1.00	0.00
Cayman Islands Investment Fund Ltd	100.00	100,000	1.00	0.00
Cayman Islands Investment Fund Ltd	100.00	100,000	1.00	0.00

Fund Name	Net Asset Value	Units	Price	Change
Marshall Islands Investment Fund Ltd	100.00	100,000	1.00	0.00
Marshall Islands Investment Fund Ltd	100.00	100,000	1.00	0.00
Marshall Islands Investment Fund Ltd	100.00	100,000	1.00	0.00
Marshall Islands Investment Fund Ltd	100.00	100,000	1.00	0.00
Marshall Islands Investment Fund Ltd	100.00	100,000	1.00	0.00

Fund Name	Net Asset Value	Units	Price	Change
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00

Fund Name	Net Asset Value	Units	Price	Change
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00
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Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00
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Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00

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Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00

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e-commerce :
providing secure
online transactions
from order to delivery
via Telecommerce
to answer your
business needs.

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France Telecom

Fund Name	Net Asset Value	Units	Price	Change
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00

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Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00
Guernsey Investment Fund Ltd	100.00	100,000	1.00	0.00

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صباحنا من الامل

RETAIL GERMAN GROUP EXPECTS TO COMPLETE DISPOSAL PLAN WITHIN THREE TO FOUR YEARS

Metro to float unwanted businesses

By Graham Bowley in Frankfurt

Metro and Deutsche Bank plan to float "within two or three years" up to six of the companies being divested by Metro, the German group that is Europe's biggest retailer said yesterday.

All Metro's unwanted businesses, which are first to be transferred to a Deutsche-Metro joint venture, would be sold or floated within three to four years, Deutsche Bank revealed.

Metro said on Thursday it was selling businesses with sales of DM16bn (\$9.45bn) in a shake-up of its extensive

supermarket and shopping empire. The divisions would be first transferred to a new company called Divag, but then sold or spun off in public offerings.

Metro will keep a 49 per cent stake in Divag until the businesses are sold. Deutsche Bank is taking an initial 51 per cent stake but will immediately begin looking to sell its holding to other financial investors.

All businesses in Divag would be sold or floated within "within three or four years", Deutsche Bank said.

Metro appears to have opted for the two-stage sale

of its businesses in an attempt to overcome union objections to job cuts and the disposal of its unwanted businesses. About 34,000 of the group's 235,000 workers are affected by the sales.

By participating in Metro's disposals, Deutsche Bank will benefit from fees earned from the flotations and sales.

The businesses Metro is selling include its Kaufhalle stores, about 25 of its Kaufhof department stores, its Vobis, Maxdata and other computer shops, clothing shop Adler, the Tip food store and the shoe retailer Reno.

Klaus Wiegandt, Metro chief executive, said Adler, Maxdata and Reno were among the businesses that Metro could take public.

"We're looking at about five or six companies in the next two years," he said.

After the reorganisation Metro will focus on expansion of four core business areas: cash-and-carry, hypermarkets and supermarkets, department stores and non-food specialist shops.

The disposals would free capital and management resources to support Metro's planned international expansion, Mr Wiegandt said.

The group wants to concentrate on building a Europe-wide network focused on cash-and-carry stores.

Mr Wiegandt singled out Poland as a country where Metro would expand, and also signalled expansion plans in China, where Metro has recently opened stores.

Analysts said the restructuring might signal preparations for bigger consolidation, pointing to speculation that Metro might consider merging with another large European retailer such as Aldi, of the Netherlands, or France's Carrefour.

TCI returns to the black

By Christopher Parkes in Los Angeles

Tele-Communications Inc., a leading US cable-television company, posted a profit in the third quarter, although operating cashflow fell almost 15 per cent to \$60m as restructuring continued.

The group, which is expected to complete a \$45bn merger with AT&T early next year, reported net income of \$2m, against a \$214m loss, on revenues down 8.6 per cent to \$1.8bn.

However, on a pro forma basis allowing for asset sales, purchases and other deals, group cashflow was flat at \$58m, while core cable operations showed a 4 per cent increase to \$61m.

The underlying number of subscribers had grown 1.9 per cent, according to Mr Leo Hindery, president, although new ventures were having a "short-term negative impact on our results".

TCI is still in the process of swapping systems and subscribers with other cable operators to form large "clusters" which allow near-saturation coverage of certain regions. In the past year it has introduced high-capacity digital systems which now reach about 1m homes, and rolled out TCI@Home, a high-speed internet service.

The arrival of digital cable compression technology is one of the key attractions of the industry for AT&T and other telecommunications groups, because it allows more channels and services to be piped into the home through conventional copper wires. It has an advantage over satellite digital services in that two-way links are possible, allowing in theory for truly interactive links.

Mr Hindery said TCI had gained 300,000 digital customers in the quarter, and he expected 80 per cent of TCI's subscribers to be receiving the service within five years.

NEWS DIGEST

CONSTRUCTION

Bouygues brothers gain ground in strategy fight

France's Bouygues brothers yesterday won another battle in their war of attrition with Vincent Bolloré, the Breton businessman, for control of the strategy of Bouygues, the construction, TV and telecommunications group.

The Conseil des Marchés Financiers, the financial market regulator, said it considered that the Bouygues' SCIM and the Bolloré group's Financière du Loch were "too big" to act in concert regarding the Bouygues company.

Today the parties remain in deep disagreement as much over major questions concerning the strategy of the group and its accounts as over the scope of their agreements.

The decision means the two parties' voting rights will no longer be aggregated in votes on Bouygues company business. On November 6 these amounted to 32.9 per cent, just below the 33.3 per cent threshold beyond which they would be obliged to launch a full bid. However, a shareholders' pact between the two sides remains in force pending a ruling by the Tribunal de Commerce de Paris.

The Bouygues brothers were pleased with the decision, saying the CMF was "reconciling the facts with the law" and this will ensure the transparency of the market.

Financière du Loch expressed astonishment at the CMF's position. It has decided to appeal against the decision.

David Owen, Paris

DEPARTMENT STORES

Isetan shrugs off recession

Isetan, the Japanese department store chain, is bucking Japan's deepening recession. The group lifted first-half pre-tax profits 38.5 per cent to ¥3.67bn (\$30m), despite months of collapsing retail sales and fears of a deflationary spiral. Isetan attributed the gain to its marketing strategy, aimed at improving the Isetan brand image and emphasising customer service. Although sales fell 0.5 per cent from ¥200.7bn to ¥199.8bn, turnover at its new store in Kyoto, in western Japan, exceeded company targets by 50 per cent.

Isetan has benefited from its focus on fashion-conscious women in their 20s and 30s. The chain's flagship store in Tokyo has been stealing market share from Takashimaya, Japan's oldest and largest department store, with aggressive promotions.

However, a ¥200m loss on securities holdings hit the bottom line. Net profit improved 5.1 per cent to ¥2bn and the ¥5 interim dividend payment is being maintained.

Analysts warned that the earnings increase reflected the weak results posted after last year's consumption tax increase in April.

The next six months could be very tough for department stores, analysts added. With incomes falling and companies cutting annual bonuses, Isetan may not meet its sales targets this half, said Mike Allen, at ING Barings in Tokyo.

In the year ending in March, pre-tax profits are expected to be ¥11bn, down 14 per cent, on sales of ¥425bn. The group said after-tax earnings would be flat at ¥2.5bn. Shares in the group were up ¥17 at ¥1,149.

Meanwhile, Isetan said it expected to reach a settlement of its dispute over repayment of loans to Barneys, the US retailer that filed for bankruptcy in 1996.

Alexandra Harney, Tokyo

Den Danske Bank puts the champagne on ice

The Danish group seems to have won the battle for Fokus, but hurdles remain, writes Tim Burt

Peter Straarup, the competitive chief executive of Den Danske Bank, yesterday flew to Italy for a holiday weekend to celebrate his apparent victory in the fast-moving bid battle for Fokus Bank, Norway's fourth largest lender.

Boardroom colleagues quipped it could be his last journey south for some while. Over the next few weeks, Mr Straarup is expected to spend more time heading in the other direction to Trondheim, the small Norwegian city 400km north of Oslo.

"When he gets there, he is likely to be feted by Fokus management as the man who saved the bank from the clutches of Svenska Handelsbanken, Sweden's largest lender. In an unprecedented round of bidding and counter-bidding on Thursday night, DDB seized the initiative from Handelsbanken by trumping the Swedish bank's Nkr6.9bn offer for Fokus with a Nkr8.5bn (\$742m) deal.

Handelsbanken promptly increased its bid to Nkr6.8bn, or Nkr90 a share. Mr Straarup, who has a reputation within DDB for getting his way, matched the

higher price within hours. Fokus management, unused to such attention, sided with the Danish offer after Mr Straarup promised not only to embrace the bank's regionally based strategy, but also pledged to maintain its headquarters in Trondheim and leave existing management in place.

Arne Martensson, Handelsbanken chief executive, yesterday refused to offer similar guarantees and declined to raise his offer again. "We had no wish to over-pay and, faced with rival bids, Fokus chose the option that promised no change," he said.

This week's events marked the latest stage of an extraordinary period both for Fokus and the Norwegian banking industry.

After a series of abortive mergers and acquisitions, Fokus announced in September a three-way betrothal with Christiania, Norway's second largest bank, and state-owned Postbanken.

But that deal, like others before it in Norway, collapsed after the banks failed to agree terms and Handelsbanken announced its offer - only to be out-flanked by DDB.

Even the normally unflap-

pable Mr Martensson expressed surprise at the turn of events. "We could not make the kind of promises offered by the Danes. I do not think it is a very professional thing to do."

But DDB is not home and dry. Although it has already acquired 9.97 per cent of Fokus from Union Bank of Norway, it must win more than 90 per cent acceptance to secure control. The Norwegian government must also give its blessing - something it has proved reluctant to do in the past.

Assuming that Den Danske's largest bank can complete the deal, questions remain over the industrial logic behind the move. DDB argues that retail banking in Norway is an attractive business, but it is hardly high-margin. Moreover, there are few synergies between Fokus's decentralised branch network and DDB's small commercial banking operation in Norway.

Mr Straarup rejects those concerns. He maintains that Fokus will be a useful conduit for DDB to roll out its asset-management and electronic-banking products.

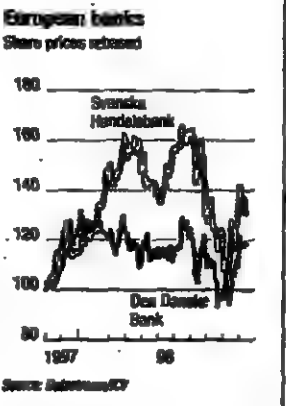
Certainly, Fokus would not justify its bid premium on its recent trading record. Operating income fell from Nkr599.7m to Nkr172.5m in the nine months to September. Heavy losses on securities and share trading, moreover, mean its full-year pre-tax profits will be sharply below the Nkr565.5m achieved in 1997.

Mr Straarup is undaunted. "When you look at Fokus and its current earnings, you would expect our acquisition to make it possible to generate a higher revenue stream."

That may be true. But several industry analysts warned that the acquisition would dent DDB earnings per share, at least in the near term. Although the dilution is likely to be small, it was enough to make Handelsbanken shy away from a higher offer.

Fokus offers a useful distribution network. But it is questionable whether it justifies a multiple of 11 times forward earnings, even if it is underpinning by banking-sector standards.

The reason lies partly in the absence of other acquisition opportunities: Fokus is simply the only sizeable



Norwegian bank available. Christiania and Den Danske Bank, both attractive partners, are still majority owned by the government, with no timing in sight for a disposal. Certainly Handelsbanken does not expect to make another bid in the near future, preferring to build on its existing branch network in Norway.

"We will not pursue deals for the sake of it, especially ones involving little synergy," said Mr Martensson, referring to DDB. "All that does, is make you a hero for a day and you have big problems ahead."

Additional reporting by Valerio Schid in Oslo and Clare MacCarthy in Copenhagen.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are based on FTSE International Limited, Reuters, Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries.

NATIONAL AND REGIONAL MARKETS	Index	Change	YTD %	THURSDAY NOVEMBER 12 1998				Index	Change	YTD %	THURSDAY NOVEMBER 11 1998				Index	Change	YTD %	Index	Change	YTD %
				Index	Change	YTD %	Index				Index	Change	YTD %	Index						
Australia (70)	198.01	-0.6	-0.3	178.82	154.18	72.28	207.84	-0.8	3.80	198.07	176.80	122.51	172.84	388.40	210.55	183.80	203.76			
Austria (22)	180.48	-1.2	-0.7	181.20	141.29	139.80	158.96	-1.3	2.30	185.37	185.44	142.72	181.74	181.82	283.73	186.45	187.20			
Belgium (22)	380.74	-1.2	-0.3	326.08	286.37	321.85	314.88	-0.4	2.14	370.30	330.50	385.10	322.00	374.15	386.52	242.42	242.42			
Brazil (32)	148.28	-4.4	-3.0	133.50	116.80	131.27	117.17	-0.7	2.72	185.07	153.00	120.16	138.18	241.80	284.54	188.94	188.94			
Canada (118)	100.01	-0.6	-0.6	188.43	147.84	188.82	117.37	-0.7	1.87	180.17	189.73	146.61	185.58	232.97	243.79	135.94	232.79			
Denmark (24)	400.17	-0.7	-0.2	417.24	364.28	408.36	407.12	0.2	1.72	408.24	417.91	380.80	408.55	486.25	527.32	483.26	486.04			
Finland (28)	400.17	-0.8	-0.2	384.02	344.46	387.16	475.25	-1.6	1.88	400.66	402.34	348.99	383.23	482.71	506.46	387.59	388.47			
France (70)	380.74	-1.2	-0.3	326.08	286.37	321.85	314.88	-0.4	2.14	370.30	330.50	385.10	322.00	374.15	386.52	242.42	242.42			
Germany (54)	380.74	-1.2	-0.3	326.08	286.37	321.85	314.88	-0.4	2.14	370.30	330.50	385.10	322.00	374.15	386.52	242.42	242.42			
Greece (32)	374.22	-1.7	-0.5	246.29	214.88	241.56	258.42	-0.3	1.85	279.35	246.32	215.07	243.74	353.80	333.20	211.47				
Hong Kong (30)	307.72	-2.2	-0.7	278.01	240.80	260.81	305.91	-2.2	4.50	314.52	280.71	242.15	274.42	312.65	388.07	196.84	308.20			
Indonesia (28)	42.42	-3.4	-8.0	38.06	33.22	37.30	288.18	-1.9	1.30	43.53	38.21	38.85	85.33	210.23	114.85	16.04	114.85			
India (18)	400.17	-0.8	-0.2	417.24	364.28	408.36	407.12	0.2	1.72	408.24	417.91	380.80	408.55	486.25	527.32	483.26	486.04			
Italy (33)	153.03	-0.2	-0.1	157.28	119.82	154.67	191.30	0.7	1.40	153.34	136.86	118.00	133.80	190.12	184.49	105.79	105.79			
Japan (44)	81.54	-0.1	-0.1	82.20	71.78	80.84	71.75	-1.5	1.05	84.36	84.42	72.85	82.20	72.82	108.73	76.95	86.67			
Malaysia (22)	1145.42	-3.4	-0.3	1027.40	886.80	1007.58	1289.08	-1.9	2.00	1173.15	1047.08	883.25	1084.01	1284.07	1003.67	787.15	1426.10			
Netherlands (27)	400.17	-0.8	-0.2	417.24	364.28	408.36	407.12	0.2	1.72	408.24	417.91	380.80	408.55	486.25	527.32	483.26	486.04			
New Zealand (10)	30.28	1.8	6.0	33.15	46.40	52.15	59.36	1.3	4.80	36.30	52.00	44.80	50.92	58.32	85.76	45.68	85.76			
Norway (38)	228.11	-0.0	0.0	202.81	177.04	198.98	231.53	-0.8	2.80	228.84	208.03	177.73	201.41	233.49	357.71	181.85	338.54			
Philippines (22)	74.80	0.5	0.7	67.16	58.88	65.81	102.28	1.1	1.82	74.58	65.55	57.41	65.05	103.67	106.98	42.48	88.51			
Poland (18)	342.31	-2.8	-0.8	217.38	187.73	213.24	267.88	-1.8	1.10	342.82	222.07	181.57	217.10	352.97	289.39	184.13				
Portugal (11)	178.80	-0.3	-0.2	158.40	138.28	155.41	135.01	-0.1	2.34	183.08	165.39	140.94	160.73	130.26	284.82	182.45	245.30			
South Africa (38)	228.11	-0.0	0.0	202.81	177.04	198.98	231.53	-0.8	2.80	228.84	208.03	177.73	201.41	233.49	357.71	181.85	338.54			
Spain (30)	30.28	1.8	6.0	33.15	46.40	52.15	59.36	1.3	4.80	36.30	52.00	44.80	50.92	58.32	85.76	45.68	85.76			
Sweden (44)	400.17	-0.8	-0.2	417.24	364.28	408.36	407.12	0.2	1.72	408.24	417.91	380.80	408.55	486.25	527.32	483.26	486.04			
Switzerland (28)	380.74	-1.2	-0.3	326.08	286.37	321.85	314.88	-0.4	2.14	370.30	330.50	385.10	322.00	374.15	386.52	242.42	242.42			
Thailand (32)	15.48	-0.8	-5.2	17.45	15.24	17.12	27.84	-0.1	3.20	21.34	19.08	15.43	16.62	30.30	33.84	8.15	31.92			
United Kingdom (208)	351.04	-1.0	-0.3	314.87	274.37	308.52	314.87	-0.5	3.15	352.53	318.42	272.56	308.34	316.42	401.84	307.56	317.59			
USA (821)	457.80	-0.3	-0.1	410.62	358.45	402.58	457.80	-0.3	1.45	458.98	405.64	353.27	402.47	458.98	455.88	358.13	358.13			
Europe (801)	407.88	-0.3	-0.1	365.87	318.21	369.76	345.85	-0.3	1.40	408.98	355.02	314.88	355.25	345.92	437.05	338.19	338.19			
Europe (728)	355.71	-1.1	-0.3	333.54	293.81	327.51	297.51	-0.4	2.25	330.42	294.91	254.49	288.09	288.73	388.24	272.02	272.14			
Europe (247)	53.88	-1.4	-2.6	54.18	73.48	82.80	88.30	-0.8	1.92	55.22	64.96	73.21	83.08	88.91	113.26	81.35				
Europe (145)	433.54	-2.2	-0.5	388.57	338.46	381.52	438.91	-0.8	2.03	443.28	385.58	341.25	386.73	443.47	555.97	380.04	414.88			
Europe (738)	196.82	-0.5	-0.3	184.10	161.20	172.50	181.80	-1.4	1.94	192.73	173.13	161.00	172.50	211.18	222.19	188.00	177.45			
Europe (1408)	196.82	-0.5	-0.3	184.10	161.20	172.50	181.80	-1.4	1.94	192.73	173.13	161.00	172.50	211.18	222.19	188.00	177.45			
Europe (740)	433.54	-2.2	-0.5	388.57	338.46	381.52	438.91	-0.8	2.03	443.28	385.58	341.25	386.73	443.47	555.97	380.04	414.88			
Europe Ex. UK (330)	300.75	-1.2	-0.4	272.45	237.83	267.30	281.79	-0.3	1.88	307.41	274.37	236.08	268.25	282.85	356.32	242.12	242.12			
Europe Ex. UK Ex. Ireland (281)	280.85	-1.0	-0.4	250.59	215.88	245.84	261.58	-0.7	1.80	280.85	245.84	215.88	245.84	280.85	356.32	242.12	242.12			
Europe Ex. UK Ex. Ireland Ex. France (118)	151.18	-1.6	-1.1	137.10	120.04	130.08	130.08	-0.8	1.55	151.18	130.08	120.04	130.08	151.1						



An impression of Matisse
'Behind those passionate, luminous, sun-drenched works is a desperation for peace and harmony'



Bear requisites

'Let me draw your attention to the cultured environs of the museum shops where diverting things can be found'



Cool vineyards

'I am as susceptible to the charms of a seriously good Chardonnay as the next person'

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Page XV

Africa's first world war

At the heart of the continent is a web of intrigue every bit as complex as early 20th century Europe. Mark Turner reports

Rebel leader Jean-Pierre Ondekane is dressed for the revolution. Brand new Converse trainers, a hooded black tracksuit, Nike USA emblazoned on the front, matching baseball cap, chunky gold watch.

Completing the outfit is an essential accessory - a briefcase-sized satellite phone, deferentially proffered by a grim-faced deputy, whose drab camouflage kit provides a sharp contrast to guerrilla chic.

Commander Ondekane would not look out of place competing the MTV music awards. Instead, he is the military commander of a rebel movement waging a war in the Democratic Republic of Congo, formerly Zaire, which is sucking in its neighbours and threatening to destabilise all of central and southern Africa.

The rebellion is barely three months old, but close to half of Africa's third-largest country is in the hands of Ondekane, at the heart of what might become, in the words of Susan Rice, the US under-secretary of state for Africa, the continent's "first world war".

To many eyes, it already is.

Central Africa is bound by a web of political, economic and personal intrigue every bit as complex as early 20th century Europe.

In the centre of the web lies Congo, offering countless riches, a springboard for the insurgencies plaguing the governments of Sudan, Angola, Rwanda and Uganda, and an ethnic mix with spine-chilling potential for conflict.

This is a region haunted by the horrors of 1994, when Rwanda's militant Hutu massacred close to 1m Tutsis, while the world stood by and let it happen.

The road from Rwanda to the Congo is littered with refugee camps, tattered United Nations tarpaulins and an endless stream of soldiers who stand guard against the remaining Hutu insurgents. Forests and banana plantations along the route have been razed to deny rebels a hiding place.

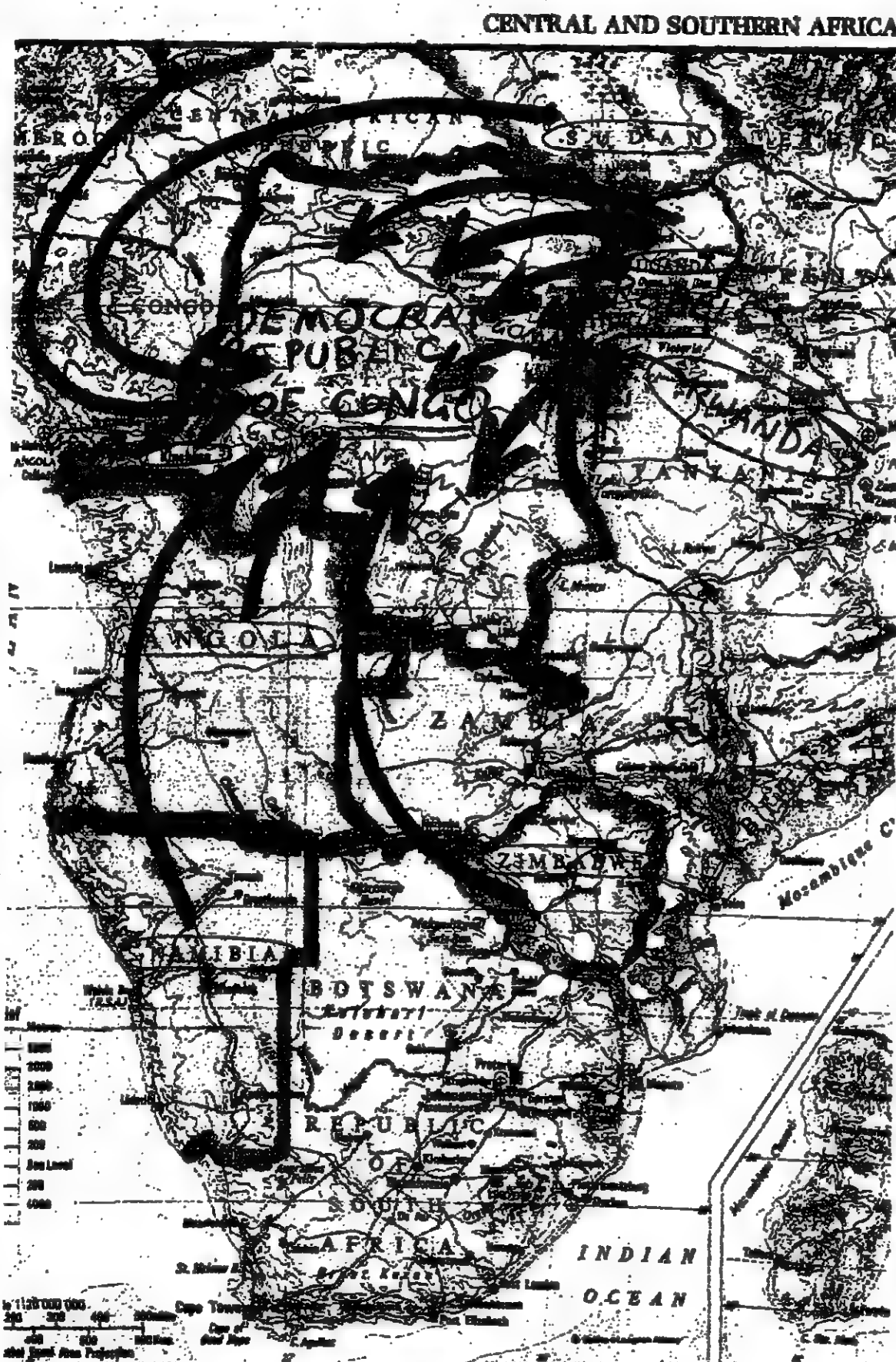
"It's terrible," says Vianney, a Tutsi taxi driver who fled to Goma during the 1994 Rwanda massacre, as he points to the temporary shacks in which refugees still eke out a living. "I used Kigali (Rwanda's capital). Now they are all gone."

Ever since those events, Goma, a small Congolese border town on the shores of Lake Kivu, has found itself in the midst of a social and political maelstrom unrivaled anywhere in the world.

First, it served as a home to thousands of Tutsis fleeing the violence in Rwanda. Then it became a base for hundreds of thousands of Hutu refugees, in their ranks the Interahamwe militia which carried out the 1994 genocide. They still mount operations from the town's forested northern perimeter.

Goma has remained in the front line. In 1986 and 1997, it was swept up in Laurent Kabila's rebellion, the man chosen by Rwanda and Uganda to topple Zaire's ageing dictator Mobutu Sese Seko. Kabila is now fighting for his political life as his former backers seek to replace him.

Today, the people of Goma



are as poor as ever, and find themselves in the grip of another Rwandese-backed rebel force denouncing another dictator in the capital, Kinshasa - this time Kabila. Rwanda and Uganda may have tried to deny it, but the high-bootsed soldiers, dark green trucks and military aircraft at Goma's airport left few doubts about the foreign flavour of this rebellion.

Never far behind the Congolese rhetoric offered by the rebel leaders lie the unmistakable hallmarks of Paul Kagame and Yoweri Museveni, the Rwandan and Ugandan leaders, who dream of a secure buffer zone on their western borders.

Kabila, the obscure Marxist whom they raised to Congolese president in 1997, has proved a dismal failure, failing to crack down on the Hutu militia still seeking to overthrow Kagame, and espousing an increasingly xenophobic philosophy.

Their new champion,

Ondekane, still in his running suit, strides down the street in Goma, fraternising with relaxed but decidedly respectful troops. But the town is tired of war, and of foreign interference.

"This is not a rebellion," shouts Jean, a student from the Free University of the Great Lakes, 15 minutes' trudge away from Ondekane's lakeside villa. "It is an aggression." A group quickly gathers and a dozen voices cry: "We will never accept the rebels", and "Rwanda is going to wipe Goma off the map".

Rwanda and Uganda might have succeeded in seeing off Mobutu, but this time, their hopes of a quick, clean takeover have been shattered in the face of region-wide outrage. Zimbabwe, Angola, Namibia, Chad and Sudan have sent thousands of troops to shore up the Kabila government's remaining strongholds in the south and west of the country, railing against what

they claim is a blatant foreign invasion.

Left standing on the sidelines are Zambia's president Frederick Chiluba and South African president Nelson Mandela, both of whom have tried to salvage the Southern African Development Community's efforts to rebuild the region's economy, but have emerged looking directionless and weak.

Caught in this chaos, the war-weary Congolese face further economic ruin.

Their daily reality is one of grueling hardship, exacerbated by insecure roads and collapsing infrastructure. The franc congolaise, the country's new currency, has halved in value since the beginning of the war, and Kinshasa suffers daily food and fuel shortages.

In the east, the story is no different. Throughout Goma, fading French signs with promises of elegant patisseries and western fashions adorn semi-derelict shops, which contain only the most

rudimentary and increasingly expensive goods. Dollars that used to flow from foreigners visiting the guerrillas have dried to a trickle.

"Ever since the rebellion, foreign tourism has been completely destroyed," says Kapapa Sanibili, a tragicomic figure who heads Goma's tourist bureau, shaking his head in despair. "The local population wants the war to finish - it is not useful for anything."

Elegant colonial columns supporting a portico outside Kivu General Store hide shelves stocked with a few tubes of Aquafresh toothpaste, tins of Milo malted drink and nondescript cleaning products in pink plastic bottles. The bulk of the store is empty.

A bottle of Johnnie Walker Red Label whisky is perched triumphantly out of reach, but at \$15 few can afford it. In a town where meat and fish have become a rare luxury, most people have to make do with the beans that

grow over every inch of Goma's roadsides, and the occasional loaf of cassava bread.

This is Congo's tragedy. In a country so rich, blessed with absurdly fertile soils, vast stretches of tropical wood, a potential 100,000MW of hydroelectric power, and vast mineral wealth, the Congolese have been made one of Africa's poorest people by 100 years of colonial brutality, African corruption and war.

So much promise has been thrown away. In the late 1870s, Lieutenant Verney Cameron, the British explorer, entranced Belgium's King Leopold with his tales of a veritable El Dorado in the heart of the continent.

"The interior is a magnificent country of unspeakable riches," he told the Royal Geographical Society. "I am confident that with a wise and liberal expenditure of capital, one of the greatest systems of inland navigation in the world might be utilised, and from 80 to 88 months begin to repay any outlaying capital."

The frantic activity by the Anglo-American and Icor companies in the south shows that little has changed as they chase a potential prize of 500,000 tonnes of copper and 10,000 tonnes of cobalt a year. Farther north, the Kasai area is groaning with industrial diamonds.

Those seeking to understand Zimbabwe president Robert Mugabe's involvement in the war need look no further. A string of deals with Zimbabwean businessmen close to Mugabe's government has bought Kabila the support of a country that can otherwise ill afford a large-scale military exercise, and whose own population is growing increasingly discontent with the war.

Angola, fighting at home against its own rebels, Unita, is determined to ensure that neighbouring Congo will deny them the support Mobutu used to provide. And the Ugandan businessmen now thronging Kinshasa, the rebel-held city on the bend in the River Zaire, suggest that Museveni's intervention, driven in part by his own need for a secure border with Congo, has commercial rewards.

At the bottom of the pile, the Congolese can do little but rail against the Machiavellian powers they believe keep them in poverty.

Tales abound in Goma of midnight kidnappings and murders by mysterious forces, helping Goma's calm exterior by day.

The rebels have organised the administration of the town into Rwandese-style units of 10 houses, each overseen by a local chief, who exerts a tight and ominous grip. In some quarters, people are afraid to leave their houses after 8pm.

The stories are no less harrowing in the government-controlled territories; Kabila's calls for the Congolese to take arms against murderous foreigners has raised yet again the harrowing spectre of inter-ethnic bloodshed in central Africa.

There are reports of an unholy alliance between Kabila and the Hutu Interahamwe in the north, of mass graves in the recently rebelled river port of Kindu, and of arrests of Tutsi and Congolese supporters of the

rebellion in the southern capital Lumumbashi.

The posters which cover the rebel-held buildings in Goma attest to these tales with the stark slogan: "Stand up Congolese! Down with Kabila and his genocidal allies!"

A full-scale humanitarian disaster appears so far to have been averted. The UN's refugee arm, the UNHCR, says that perhaps 200,000 people have been displaced by the present war, but that for the most part they are not in a critical condition. "Many of them were able to take cattle with them, and are able to feed themselves," said an official.

But mass displacement, and the de facto divide imposed by the two warring sides, have ripped apart

'We want to re-establish the rule of law, we want to re-establish good governance'

people who rely on access to extended family networks.

"My father, my mother and all my brothers and sisters are in Kinshasa," says 26-year-old Patrick Motondo, waiting outside a letter-writing service run by the International Committee of the Red Cross in Goma. "For three months I have not been able to speak to my family. I am not happy - they should negotiate and find some solution for us; we cannot stay like this."

Faced with such undeniable discontent, the rebels admit they have a problem. "It is true that the people have welcomed the war with reserve," says Lunda Bululu, a former prime minister

under Mobutu who now heads the rebellion's political wing, the Congolese Democratic Movement.

Bululu nevertheless insists that with time, when people begin to understand what his movement is about, his approval rating will rise: "We want to re-establish the rule of law, we want to re-establish good governance, and we want to give the Congolese people a reason to hope for a better world," he says.

In two years, Kabila has done as much harm as Mobutu did throughout his time. That we must explain."

But the price of a rebel victory will be high.

With increasing numbers of Zimbabwean troops pouring into the south and pushing towards the east, and Angola insisting it is there to stay, the next few months promise to be bloodthirsty and destructive. Yet the rebels refuse to contemplate a ceasefire unless Kabila meets them face to face, which he will not do.

Ondekane, meanwhile, insists that his cause - the overthrow of a tyrant - justifies the potential cost.

"We must avoid the situation of the strongman," he says, filling a plastic chair, and dominating the view of Lake Kivu behind him. "We want a collegiate government."

Dismissing fears that he would be another Kabila, Ondekane adds that he is firmly under the control of the politicians. "It is they who have the authority," he says.

As in neighbouring Rwanda, the military would have to be represented in any future administration. "Politicians can forget the cause of the war, so the military must act as a guard-rail," explains Ondekane.

"Isn't that right?" he asks suddenly, turning to his deputies seated nearby. The enthusiastic nodding of heads left few doubts as to who was in charge.

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In FT Weekend

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PERSPECTIVES

Minding Your Own Business

The dentist who bit the bullet

Short of funds, an inventor sold his patent rights. Tom Linton reports

Chris Wilde knew he was on to a money-spinner. But he needed funds to enable him to carry on with his research and when a large manufacturer offered to buy the patent rights of the resulting product, he accepted.

"I now feel that this was not a very good deal," he says. Wilde, a dentist with a practice in Tiverton, Devon, had reduced his working week from five to four days, but still had to pay his fixed overheads. His fifth day was spent at Exeter University, carrying out postgraduate research into a new dental filling material.

Wilde, 50, estimates that he forfeited about £50,000 in earnings during his three years of research. "A divorce settlement meant that I'd already had to cash in my life insurance policies, remortgage my house and sell my garage to my mother. There was very little room for financial manoeuvre," says Wilde, whose four children were still in education at the time.

The amalgam widely used by National Health Service dentists in the UK is a mixture of silver, tin and mercury. Wilde stopped using it 14 years ago. "I wasn't happy with it. I was becoming increasingly aware of the health hazards, even though it had been around for about 100 years and was deemed to be safe."

Instead, he devised adhesive inlays made of gold and copper to fill molars. "I found that if I could cover the fitting surface with another base metal, the inlay would adhere to the latest glass ionomer cements and form a bond that was airtight and watertight."

However, this solution had its drawbacks: the initial cost was high and patients had to make a

second appointment to be fitted. Wilde turned instead to using the newer, tooth-coloured plastics, known as composites, but he found that they, too, had disadvantages. One was that they shrunk as they set. "They have a reputation for leaking and contain residual monomers, which have been criticised as a possible cause of sperm damage," he explains.

He determined to carry on with his attempt to find an economical alternative to the inlay, so in 1993 he approached the School of Engineering at Exeter University which had considerable experience of working with bio-materials.

"The school had been involved with the development of one of the original artificial hip joints and I was delighted to find that they regarded dental materials as exciting and potentially innovative. They asked me if I would consider taking a postgraduate degree." His first year's research fees were covered by a university trust.

While at Exeter he came into contact with Mike Williams, then director of special projects at chemical manufacturer Albright & Wilson, who had developed a copolymer for industrial use. Wilde combined the copolymer with the latest dental cements in an attempt to find better filling materials. The result was glass polyphosphonate cement.

But he was fast running out of cash. At this point, Albright & Wilson offered him £700 to help cover his fees for the remaining two years in return for the right to patent the material he was producing.

"My brief at Exeter was to improve the mechanical properties of glass ionomer cements in such a way that they could be used in restorative dentistry. At

the time, they were not suitable to be used in load-bearing molars [the back teeth which exert huge opposing pressures]. I found what I was looking for fairly early in my research and the rest of the time was spent in validating the results. I demonstrated that adding copolymer to glass ionomer cements is absolutely safe."

Wilde's glass polyphosphonate cement now carries the brand name Diamond. It is manufactured by Kemdent, a British producer of dental supplies, which

'I was aware of the health hazards, even though it had been around for 100 years and was deemed safe'

has been selling it under licence from Albright & Wilson since February 1997. It promotes Diamond, which has received ISO 9001 accreditation, through an agency which telephones dental practitioners to explain the product and its qualities.

Kemdent, which sells other dental products worldwide, has begun to research Diamond's potential in the rest of Europe and eventually intends to promote it further afield.

But Wilde is still not satisfied. He wants to continue his research. To this end, Interdental, the company he set up to handle his business activities, recently gained a DFI Smart Award. This is worth £80,000, but

to qualify, he had to find £15,000 of his own money.

Rather late in the day, he approached Barclays Bank without much hope, since it had refused him a loan at the time he was reduced to assigning his patent to Albright & Wilson. To his surprise it agreed to lend him the £15,000. "I understand the bank's earlier position completely," he says. "I wouldn't have lent the money if I'd been in their shoes. I didn't have the same financial stability as other dentists."

Wilde believes that Diamond, which is tooth-coloured and bonds with the teeth to form a monolithic structure, thus preventing bacteria and moisture from getting between the filling and the tooth, could make enormous savings in Britain's dental health bill in the long term.

So far, it is used mainly by private practitioners who are prepared to pay more for it than for amalgam, though its cost is comparable to other glass ionomer cements. A packet which should fill 40 cavities costs £40, or £1 a filling.

The problem is that dentists are inundated with products, with the result that many sit unused on shelves, says Donald Cakebread, Kemdent's managing director. "But we are getting there. We had our 400th customer last week. With repeat orders, we have had sales of £72,000 so far. Although it has many obvious advantages, the difficulty lies in proving to a conservative profession that Diamond is as strong as amalgam. But more dentists are hearing about its advantages by word of mouth."

Although it was under no obligation, Kemdent has agreed to pay Wilde royalties of 1 per cent on all sales for his continued input in developing and commer-



Chris Wilde: Forget gold, put a Diamond in your teeth

Barry O'neil

cialising Diamond and in acknowledging of his original creative effort. And since his original contract with Albright & Wilson lasted for three years, he is free to patent any new development himself.

Now, with a worldwide market for filling materials worth several hundred million pounds a year, Wilde knows that even if the product taps only a small proportion of it he could eventually become a millionaire on his roy-

alties alone. Certainly not something to feel down in the mouth about.

Interdental, Interdental House, St Peter Street, Tiverton, Devon, EX16 6NW; tel 01884-233757; fax 01884-232071



Fear and pleasure: the spectacular Leonid meteor shower of November 1998

The Nature of Things Look up for the best show in town

Space agencies are preparing satellites against a possible meteor storm, writes Clive Cookson

The whole heavens were lit up by falling meteors, as thick and constant as the large flakes which usher in a snow storm. Augusta Courier (Georgia) November 14 1833

A broad and fiery spear opened at the zenith, which shortly radiated globes of fire in every direction, and rendered it sufficiently light to read. Noah's Evening Star (Ohio) November 14 1833

On Tuesday evening stay up until after midnight and, if the sky is clear, wrap up warmly and take out a deckchair, preferably to a place well away from urban light pollution. Then lie back and watch the heavens for what might just possibly be the shooting star show of the century.

Early next week, the earth will pass through the attenuated tail of Comet Tempel-Tuttle - an astronomical event that has produced most of the great meteor storms in the past. Unfortunately these Leonid meteors, so called because they appear to emerge

from a point in the constellation Leo, are only partially predictable.

You might see celestial fireworks, with many thousands of shooting stars, like the display over the eastern US in 1833, which convinced many Americans that the day of judgment was at hand. Far more likely, you will see one or two per minute.

Or the whole thing may be a complete wash-out. Patrick Moore, the television astronomer, recalls receiving a letter from an amateur viewer of the BBC's *Star of the Night* programme in 1968, the last time a great Leonid storm was forecast. "Watched the sky from midnight to dawn. Meteors from the sky, none. From the wife, plenty!" he wrote. Yet on the same night in the western US, the 1968 storm produced up to 40 shooting stars per second at its peak.

This year, astronomers are predicting that viewing conditions will be best in the east Asia and the western Pacific region, and worst in the Americas. Although Europeans are unlikely to see the best of the meteors, the prospects

are good enough to make it worth going outdoors at around midnight and looking up at the night sky, even if you do not settle down in a deckchair.

A spectacular show of shooting stars can inspire some fear as well as pleasure. But if you are lucky enough to see one, do not worry. The pyrotechnic effects are caused by small particles, ranging in size from sand grains to pebbles, which hit the upper atmosphere at extremely high speed (about 250,000km/hr). They vaporise from friction in a white hot streak, about 100km above the ground, occasionally leaving a smoke trail behind.

Scientists are confident that Comet Tempel-Tuttle's tail does not contain any rocks large enough to survive their plunge and do any damage on earth. In space, however, there is a real danger. A grain of sand travelling at 200 times the speed of sound could destroy a satellite if it hit a vulnerable spot.

At the time of the last meteor storm in 1966, only a few satellites were in orbit (and none is known to have suffered ill effects). This time, there are

more than 500, from commercial communications satellites to military spy satellites.

Their operators are taking precautions to limit the risk, as far as operational requirements permit, by changing their orientation to face away from the oncoming meteors, and by switching off high-voltage systems that are most likely to be damaged. The only spacecraft known to have been lost to a meteor strike, the European Space Agency's Olympus communications satellite in 1993, suffered a short-circuit that destroyed its delicate electronics.

Only two people are directly at risk: Russian cosmonauts Gennady Padalka and Sergei Artyev on board the Mir space station. On Tuesday, they took a "space walk" to install a scientific trap to collect any particles that bombard Mir next week. But during the predicted peak of the meteor storm the two men will shelter inside their Soyuz escape capsule.

If there is no Leonid storm this year, or if you miss it because you are on the wrong side of the world, do not despair. You may

get another chance in November 1999.

Tempel-Tuttle, a rather unspectacular comet, takes about 33 years to complete an elliptical orbit around the sun. Earth passes through thin traces of its dusty tail annually in mid-November, and experienced observers see a few Leonid meteors every year. But more active Leonid showers occur during the two years following the comet's closest approach to the sun - which occurred most recently last February.

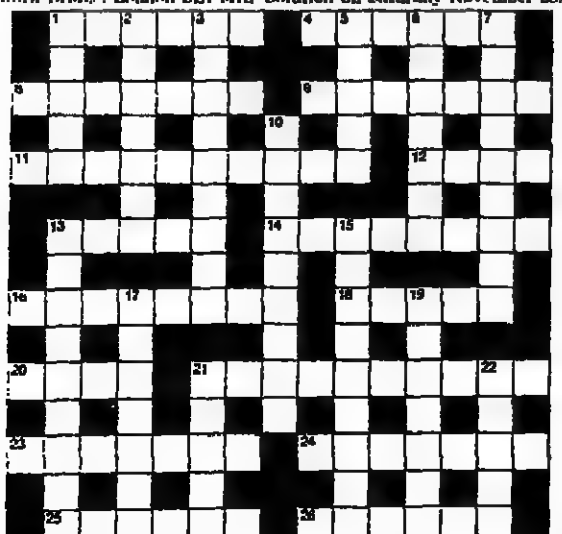
If there is a meteor storm next year, the UK and Europe will be well placed to witness its full glory between midnight and dawn on November 19 1999. Astronomers say the Leonids could conceivably put on a good show in 2000, too.

But that is likely to be the last chance in our lifetimes. When Comet Tempel-Tuttle next approaches the sun in 2031, a gravitational perturbation by the giant planet Jupiter will have pulled its orbit away from earth. It will not be worth getting out the deckchairs for the Leonids again until 2098.

CROSSWORD

No. 9,839 Set by CINEPHILE

The price of a matching set of finely engraved personalised notepaper, envelopes and correspondence cards on Cream Kid Finish Paper from Crane & Co will be awarded for the first three correct solutions of the crossword puzzle in the November 25, marked Crossword section of the Financial Times. Number One South-West, London SE1 8NL. Solution on Saturday November 28.



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WINNERS 9,837: Carol Davies, Hoylake, Wirral; Mrs S. Saxby, Farnham, Surrey; J. Watson, Wray, Lancashire.

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BRIDGE

The declarer on this hand was busy chiding his partner's performance on the last hand, when he made the simple, but fatal error that cost him his own contract. Therein lies a moral...

ACROSS
1 The fish chest (6)
4 The mad could be a threat (6)
8 The keen take a leading part among the (frantically) clear (7)
9 The happy couple of Georges (7)
11 The thick type of circuit board (5,5)
12 The drunk contribute to a special order (4)
13 Winner getting on a bit? (5)
14 I rule men in trouble, like the prime of Madagascar (8)
16 Reptile employs bulbs (8)
18 Repeat outside church, which will give you a fill (6)
20 The dead perform in duplicate (4)
21 The dull abandon quality (10)
23 The clean game on the end of the table (7)
24 Vehicle (or two) for payment in charge of sailor (7)
25 Advertisement for Royal Mail! (6)

DOWN
1 Colour with plenty of money (5)
2 Papal office with appearance a tad upset (7)
3 Bits of academic dress - one slipper and one shift (9)
5 A deficiency, unfortunately (5)
6 Divine student gets into a row, the poor fish (7)
7 Flower border? Dig near or otherwise (5,8)
10 Cockney greetings in urban area show no compunction (9)
13 Old ship's in part of old block - she's got loads! (5,4)
15 The mad go like soldiers and go fast (5,4)
17 The rich take wrong courses (7)
19 The cold are cautious about it (7)
21 A piece of Handel very hard to research (5)
22 Deer with dash on its head (6)

Solution 9,836

UNIVERSE ADJUST
SICOP GENDAHAND
E R O I M E S
A R I N G I S G E A N
O S S O I A S
P R O S I T N O W A T E
E O O E A R U
I D E B A N N I M R O O
N I L A U E
I R A C I G R O U N D S E
O V O L A U E
P E P P E R O N I Y E N A
I E O I I I I I I I
A Y E A V E C H O P S O U Y

PREPOSTEROUS
O R G A N I S M
C A B A R E T S C H E E N
A O E I O R I I
N A R K A A N T H O N
A G E N D A N T A
A G E N D A N T A
M E A N F O R T H I G H T
O R G A N I S M
N A T I O N A L P R I M O
O R G A N I S M
E M A R I T I M A
I E O I I I I I I I
P R E O S T I T U T E

CHESS

India's Vishy Anand has dominated this year's grandmaster tournaments, and he won again last week at Fontys Tilburg to creep nearer to Garry Kasparov in the world rankings. World title competitions are in disarray, and it would be a shrewd move for the Indian government to back a challenge to Kasparov by Anand, a national sports hero.

Peter Leko, 19, was second; the young Hungarian draws often but is climbing unobtrusively towards the top and could yet prove the dark horse of the title race.

England's Olympiad hero Matthew Sadler was joint third, unbeaten in the strongest company he has met so far. Michael Adams finds Anand his best move, as in this game where White's bishops put Black in a tangle.

V Anand v M Adams.

1 d4 Nf5 2 e4 e5 3 Nf3 b6 4 Ne2 Bb7 5 a3 Bxc6 7 Qxc3 0-0 8 Bg5 b5 9 Bb1 c5 10 Rd1 Ne4 11 Qc2 Qe8 12 e3 13 Bc2 Ne6 14 dxc5 bxc5 15 Nd3 Ne5 16 Nxd4 Bxd4 17 Qd3 Ne6 18 Bb5 f4 19 B3 Bb7 A desperate measure as the bishops take control. If Bc5 20 e4 White's threats include 21 Qa5 or 21 Bxg6 Qxg6 22

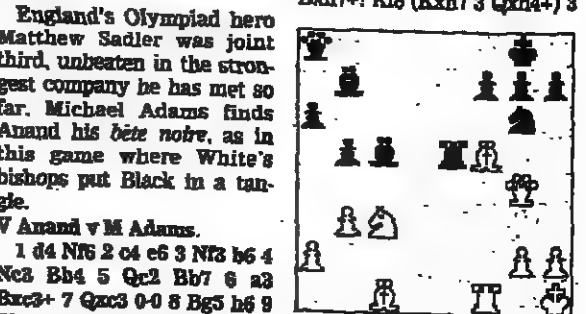
CHESS

Be7 20 Bxg6 Qxg6 21 Bxg4 Qxg4 22 Rf1 Rf5 23 Bx4 Qx14 24 Ke2 Qxh3+ 25 Bc2 e5 26 Rf3 Bg5 27 Qd3 Rb8 28 Rb2 Qb5 29 Qxh7 Kb3 30 Qh3 Qe8 31 Rf5 Rg6 32 Qf3 Bc5.

No 1257

Alekhine v Erdelyi, Prague 1931. In one of the first symptoms of his alcoholism, the world champion turned up half an hour late, played casually, and lost a pawn.

They reached this diagram where the unknown Rumanian (Black, to move) nervously went 1...Nh4? 2 Bch7+! Kb8 (Kxh7 3 Qxb4) 3



Be4 and Alekhine recovered to win.

Afterwards they said Erdelyi missed the chance of his life: what should he play?

Solution, Back Page

Leonard Barden

سكنا من الامن

PERSPECTIVES



Joe Rogaly

The human being in our capitalist masters

Companies are run by people. But however virtuous they are, all corporations have to be subject to constraints

Paradise me if I adapt a thought from Margaret Thatcher, but there is no such thing as a corporation, only the men and women who work for it.

Universal Domination Inc might behave reasonably well if its managers are good souls, possessed of kindly attitudes. But the same mega-firm will certainly be amoral, predatory, cruel, if it is run by natural-born ruthless freebooters.

This two-way bet is not difficult to comprehend. Think of those at the top of every concern as capitalists. Some of them are human.

Take Michael Grunberg. He is a director of DiamondWorks, whose Yewtree mine in Angola was attacked last Sunday. Six people were murdered and others

kidnapped. "This is a dreadful tragedy for the families of the men killed, wounded and taken captive," says Mr Grunberg, as quoted on the corporate website.

That source, www.diamond-works.com, tells us that the chief executive officer of the company rushed to Angola to see what he could do. His employees could expect no less.

The same might be said of the telecoms engineers kidnapped in Chechnya last month. They were hired by Granger Telecom, a British-based company. Ray Verth, its chief executive, was reportedly less soft-spoken than Mr Grunberg. "None of our employees was forced to go," he said. "They voluntarily went - they knew the risks." Granger had provided a team of armed guards to protect them. It "con-

sidered the risks were worth the effort of the contract".

You will see the way my thoughts are running. If you are a regular visitor to this printsite you will be aware that I do not wholly trust business corporations. They have too much power. Some of the largest have a greater effect on our everyday lives than the politicians you and I vote for.

Yet when people on the payroll work in dangerous areas and become victims, most companies can be expected to take their responsibilities seriously. Some of us extend this principle, which is after all merely an expression of natural human solidarity, beyond concern for employees. Those who follow this line expect businesses to care for other "stakeholders" -

customers, for example, or society at large.

Hard-nosed critics dismiss such aspirations as dewy-eyed. Their view has the merit of simplicity. Corporations, technically defined, are the property of their shareholders. Most want the managers to make them rich, not tricker away their time in fruitless efforts to save the world.

Sure, there are exceptions. Some institutions are not-for-profit, as in the United States, or labelled charitable, as in Britain. These may pursue worthy objectives, such as education or poverty reduction.

The headline purpose of business corporations is, however, nothing like so soppy. It is to maximise long-term owner value by selling goods and services. That is the opinion of Elaine

Sternberg, who has published two pamphlets on the topic in the past week. The latter one comes from Britain's Institute of Economic Affairs.

Dr Sternberg favours the Anglo-Saxon model corporation in its stripped-for-action, take-no-prisoners form. She dismisses as "absurd" the "popular notion" that the way for a company to be moral is to seek to meet its social responsibilities. Corporate ethics, in her view, boil down to two precepts. The first, "ordinary decency" means behaving honestly, fairly, non-violently and with "a presumption in favour of legality".

The second rule of honourable management is "distributive justice" - ensuring that those who contribute most get the biggest rewards. Fat cats are thus

divided into the deserving and the undeserving. "Some executive pay is indefensible," says Dr Sternberg, who defends high remuneration when it is earned.

She would improve the Anglo-Saxon model by strengthening shareholder power. We can leave the debate on how this might be achieved to the specialists in company law. My hunch is that whatever new rules are invented their effectiveness will depend on the values held by individual fund managers.

That is true whatever the national difference in the way companies are run. The German model, with its representation of employees on the board, may foster consensus, but the directors are individuals, men and women whose approaches to social responsibility may be helpful or

Lunch with the FT

Wired, weird and wonderful

Kevin Kelly is intrigued by the consequences of technology. He talks to Lucy Kellaway

Kevin Kelly was looking lost. The executive editor of Wired magazine was standing in the middle of London's Cyber Café, staring at the people who were busily e-mailing and surfing the net all around him. Kelly might be a celebrated internet authority, but he was behaving as if he had never seen a computer before.

I had chosen to take him to the Cyber Café because I thought he would like it. But the minute I saw him there and heard the din of thumping techno music, I realised I had made a mistake.

"It's interesting," he said, looking unhappily about him.

What he couldn't figure out was what all these people were up to. In California, he said, people were overwhelmed by e-mail at work and at home and would never dream of going out in order to send messages.

I explained that in London we were behind; that these people probably did not have e-mail at home, and that I myself had only just been hooked up at work. He looked at me blankly. "I find that incomprehensible," he said, shaking his head.

I had had this interview neatly mapped out. I was going to be the techno ignoramus and he the raging enthusiast. So far, I was playing my part well, but he was letting the side down.

For a start, he looked all wrong. As editor of Wired, the coolest magazine on earth, he should at least have had a pony tail and some gadgets about his person. Instead he was a middle-aged man in a dark jacket with a spaced-out gentleness that seemed at odds with the modern world.

I suggested we should get something to eat, but this made him still more ill at



Kevin Kelly: 'I hate computers. I pay attention to technology because it is where all the new ideas are coming from'

ease. He scanned the blackboard - which offered an unappealing choice of dull sandwiches - and eventually asked for cheese and mushroom on whole wheat. The girl behind the counter looked blank.

He means on brown, I interpreted.

Again he studied the board for an acceptable drink and after much consideration settled on a Fanta. Clutching our drinks we returned to

the table. "I hate computers," he said casually, as if it were perfectly natural. "I'm a very late adopter. I am the last to get something new."

Hang on a minute, I said. How can he hate computers when he founded America's IT bible?

"Wired is about the consequences and meaning of technology. I have no interest in the technology itself."

He pulled up the sleeve of his thick red shirt.

"Something like this..." He showed me a plain black Swatch watch. "This is great technology. I love it. But the winding stem broke after 13 years and I can't change the time." So he bought an identical one which he wears on his other wrist. The new one shows London time and the old one the time in California.

"All I'm saying is that this watch is highly evolved, the bugs are worked out, it

doesn't crash, and it's highly affordable."

This was ludicrous. We were meant to be talking about his new book in which he argues that new technology is changing the economy for ever, and here he was getting all sentimental about the elementary mechanism of his - broken - Swatch watch.

Not only does he have no love for technology per se, he is not interested in cool

either. "Nerds are cool because they have so much money," he said dismissively. "I pay attention to technology because it is where all the new ideas are coming from. New ideas are not coming from novelists or painters. Nobody talks about novels."

Yes they do, I protested. That very evening in London the Booker Prize was to be awarded: everyone was talking about it. He pulled a face.

"Maybe in England. But not in America. In the tech world there is a stream of ideas that are threatening, outrageous, intriguing, flamboyant, discoloured..."

And so we turned to his idea - definitely outrageous, according to me - that our time-honoured economic and business laws no longer apply.

"This is not about communication. Communication is the foundation of society, culture and identity. My premise is that when you have this network that is fast, deep, wide, allowing anyone to communicate with anyone anywhere anytime - including objects - that changes everything."

Surely it changes some things but the rest stays pretty much the same. The effect, surely, is patchy.

"Patchy? What's patchy mean?" He looked confused.

Communication might be the name of the game, but we were not managing it terribly well. I defined patchy.

"Yeah. Uh-huh," he said, nodding and listening politely. "In 10 or 20 years in many ways life will go on as it is. Cities will still be here. The structure of the family will be like what we have now. But the kind of thing we are creating with these webs will be very important in how we think of ourselves and our relationships with other people."

I protested that no matter how wired I became, it would not change the way I saw myself.

He shook his head. "These networks are changing some very fundamental questions about how you identify yourself, what it means to be human."

Having reached a stale-

mate on that one, I asked about some of his more specific ideas. The prospect of all objects being linked and able to talk to one another. What, for example, would the sugar bowl say to the chair?

"The sugar says 'I'm ready'. The chair says 'no one is sitting on me'. It's a very boring conversation. One little bit tells you nothing but connected into the web it is extremely valuable information."

What would he say to a cappuccino? I asked.

"I'm not a coffee drinker." Not chocolate?

"I can do that," he said, which I took for a yes. As he sipped his drink I

I'm a very late adopter; I am the last to get something new

asked about the idea that one day fridges will be given away free.

"You don't believe that?" he asked, looking surprised. "OK, OK. The refrigerator will be owned by the people who fill it for you." It would be a smart fridge that would know every time supplies were getting low, and replenishments would be delivered.

The tape recorder on the table between us clicked, and he suggested I turn the tape over. I said it had auto-reverse and he looked surprised, as if this were a feature he had never heard of.

"Look," he said, "my basic premise is that technology is far more influential in shaping our destinies right now than anything else. For better or worse. This is not utopia. This will be disruptive. But on the whole technology is humanising. Repetitive stuff it does well. It leaves the original and creative to us."

I was getting the idea that Kelly doesn't particularly mind if people don't agree with him. Indeed, all his life he has been far out, in more ways than one.

His first publishing venture was running the Whole Earth Review, aimed at hippies in communes. "It told you how to dig a well, how to make a beehive, how to grind your own flour," I looked at him for traces of irony but found none.

The leap from hippy to techy is not so great, he assured me. "It's one mindset. These people dropped out and had to survive on their own, and they became very entrepreneurial."

At this point a burly cab driver walked into the café and yelled: "Anyone here called Kevin?"

Kelly stood up, consulted his London watch. There seemed to have been a mix-up about times. He looked unhappy again.

As we said goodbye I apologised for the horrible lunch. He said not to worry, he was used to horrible food. He said he ate at McDonald's all the time. Which showed that even after an hour and a half I had failed to pierce-hole him. I could have sworn he was a vegetarian.

New Rules for the New Economy. Fourth Estate. £15

Home Truths

No expenses spared

When summoned to debate at the Oxford Union, who could refuse? Not Walter Ellis

It is easy to be overawed by the Oxford Union Society. Its buildings, dating from 1857, with subsequent embellishment by William Morris, suggest a distillation of the Palace of Westminster and the Royal Courts of Justice in the Strand. Invitations to speak, though couched in the politest of terms, are like a summons: it seems improper to refuse.

The fact that little of significance has happened in the Union since the famous King and Country debate of 1935 helped to launch future prime minister Neville Chamberlain in the direction of appeasement hardly seems to matter.

Today's society is as paired with ambition as a Hollywood agent's in-tray and still manages to attract political leaders and other celebrities from Britain and around the world.

Not everyone, of course, can be a celebrity. Some of

those called merely claim to a particular expertise. Thus it was that I, as the author of *The Cambridge Conspiracy*, a modest tract against the dominance of the ancient universities, found myself at London's Paddington station earlier this term awaiting the 18 minutes past four flyer to Oxford.

The motion for debate was: "This house believes that students must pay their way." I, apparently, was in favour and I had only a couple of hours left in which to pick up my black tie and accoutrements and get myself to Frewin Court in time for drinks.

The announcement at the station that services to Oxford had been suspended, pending inspection of a damaged bridge made me think I had been let off the hook. A quick call to madam president, however, soon changed that. Now, it transpired, students were to pay my way - a taxi from Pad-

dington to Frewin Court, no less. The cab driver looked at me unblinkingly. "You realise it's a cash job, guy? Fair enough, jump in."

The meter registered £114.60 as we drew up, which I paid. Meanwhile, there was the business of the tired suit. A Union officer had been dispatched to pick it up and lurched through the door just as the shop was closing. Sadly, the same officer was unable to reimburse me for the cab fare - there wasn't enough money in the kitty.

So I retired, virtually penniless, to the Randolph Hotel to check in and change, only to discover that the university's finest had neglected to book me a room. Not to worry, the receptionist assured me, a cramped single was still available somewhere in the bowels of the hotel. I hurried upstairs, at my own expense, to wrestle with my bow tie.

With dress-suit trousers on, I was making progress, only to be detained again by the phone in my room ringing. It was my friend, the journalist Peter Miller, who had agreed to accompany me to the pre-debate dinner.

But as the speakers droned on, interest quickly waned

my wife being otherwise engaged. Had I got £1.20 for a parking meter?

Only just, I said. In Frewin Court, drinks were not served as advertised because someone had forgotten to tell the bar. But by now, Helen Eastman, the Union president, resplendent in emerald green even-

ing dress and long white gloves, had arrived. She seemed genuinely pleased that we had taken so much trouble and moved among us like a minor member of royalty, engaging in lively pre-dinner - indeed, pre-drinks - conversation.

Fear not, she said, the champagne would arrive, the Randolph would be squared and my taxi money would be forwarded. My tidy god-mother had arrived.

And so to dinner. Water-cress cream soup, grilled salmon, brandy snap basket with ginger ice-cream and a selection of cheese and fruit, with wine and port. On my left sat the Union treasurer, Nick Donovan (Eton and Brasenose); to my right, an executive of Andersen Consulting, the debate's sponsor, who explained that his company always preferred to recruit from Oxbridge.

One of the other speakers, Labour MP Tom McNulty, introduced himself cheerily,

but his Liberal Democrat colleague, Evan Harris, was too busy making notes for his speech.

The debate, when we finally got round to it, was well attended, at first. But as the various speakers, myself included, droned on, interest quickly waned, so by the time McNulty and Harris got their chance to rage at each other more than half the audience had drifted away.

Debates on education are like that. Not even the dramatic intervention of Eastman, opposing the motion as if it were an invitation to invade Poland, could rescue the evening.

By the time we got back to the president's office and her (by now) plenitude of refreshments, there seemed little left to say.

And the result? We lost. Oxford wants it for free. Let Tony Blair and education secretary David Blunkett beware.

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PERSPECTIVES

Opening chapter of misfortunes

Magnificent, yes, but beset by problems. Robert Graham looks at France's new national library

In one of his more imperial decisions, the late François Mitterrand waded the wand of French presidential authority and announced, out of the blue, the construction of "perhaps the largest, most modern library in the world".

Not even prohibitive cost or a change of government has since stood in the way of this decision. Ten years on, the BnF (Bibliothèque nationale de France) is virtually complete, sited by the Seine at the east end of Paris.

Last month the research facilities and a 2,000-seat reading room – the core of the library – were inaugurated. Simultaneously, the BnF was linked to the centre of Paris by a new metro line with high-speed driverless trains, so ending the library's isolation on the edge of a grim industrial wasteland.

It has been an extraordinary example of the French administrative machine being girded into action for a great national purpose – from planning the site through to moving 11m volumes and 1m documents from the existing library at the old Richelieu building in central Paris into the new premises. The stop-go construction history of the new British Library in London scarcely bears comparison.

Not everything, however, is running as smoothly at the site. Unions have been staging strikes in protest at the lack of preparation for such a complex venture.

Library staff complain that the opening was dictated by a political timetable without reference to proper testing of, and training on, all the highly sophisticated computerised technology. These embarrassing protests could compromise the library's ambitions

to open six days a week from 9am to 5pm.

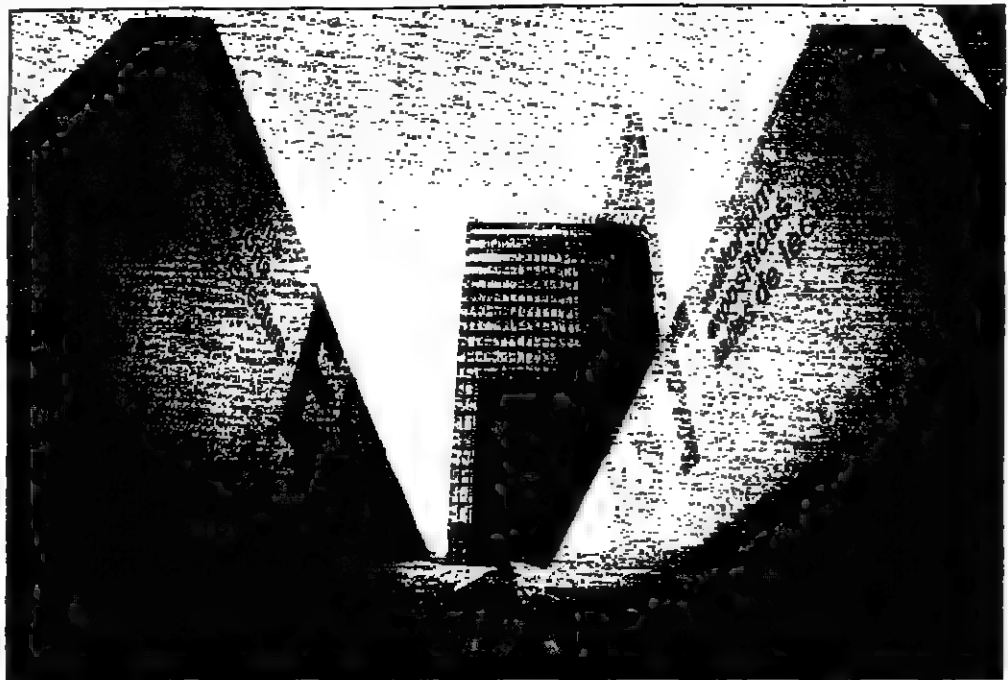
One of the many problematic novelties is a smart card given to readers once they have registered, which enables them to reserve seats and order books delivered in automated containers. The workload is proving too heavy and the order time for books from the stock rooms, containing 350m of linear shelving, has been up to four hours instead of the promised half-hour.

"There are inevitable start-up problems which we will have to iron out," says François Stasse, a senior civil servant who became BnF's director-general in September. He believes the best way of testing the system is via live practice; but acknowledges that the architect has not made life easy for staff. "We will have to devote attention to improving the working conditions of the staff, too many of whom have to work shut off from daylight."

The architect, Dominique Perrot, is blamed for putting the comfort of the reader ahead of staff comfort. More generally, everyone is having to adjust to the building being a triumph of design over functionality.

The design is a neat visual conceit. Four glass towers, each in the shape of an open book, stand at the corners of a high podium covered by wooden planks like a ship's deck. Each tower serves in large part as book storage, and the architect wanted the public to see the books through the glass.

However, it was impossible to



Mitterrand Library: deliberate contrast between a bleak exterior and other-worldly tranquillity inside

find adequate insulation against sun heat and wooden shutters have had to be introduced. Furthermore, since book conservation limits room temperature to a maximum of 18°C in the glass towers, it can be chilly for staff in winter.

The most successful aspect of the library is the deliberate contrast between the bleak exterior overlooking the Seine and the other-worldly tranquillity inside. Unseen from street level is the

central area of the podium – a huge hollow rectangle with a sunken two-acre treet garden. Here, the architect has sought to create the sense of a medieval cloister with all reading facilities looking on to this inner garden through uninterrupted glass fronting. The air of monastic contemplation was one of the most insistent requests of Mitterrand, a keen bibliophile who used to slip off from official duties to browse in Paris bookshops.

The novelty of the Mitterrand library project is the opening of reference material to be grand public – anyone over 16. Thus, the upper level of the space around the "cloister" can seat 1,700 consulting, free of charge, a range of 5,000 periodicals and an eventual 570,000 reference books. This has been operating for almost two years.

calised material or the collection of 200,000 rare books is given a card (the annual fee is a token FRF300). The 2,000 seats for researchers reflect both the fact that French university libraries have not been so strong as, say, in Britain or the US, and that Paris accounts for 26 per cent of the country's student population.

One of the main unresolved problems is how the library's FRF1bn annual operating funds (10 per cent of the culture ministry's annual budget) should be deployed between acquisitions and conservation. The demands on conservation are huge because of the quality of paper used in books from the mid-19th century to the 1960s.

This paper manufactured from wood pulp is brittle and heavily acidified. The BnF reckons that of the 2m books published in France between 1875 and 1950, 50,000 have been lost. A further 580,000 are at risk in the short term and 600,000 in the medium term.

Conservation is very costly and we will have to choose in many cases between full restoration of these books or preservation on micro-film or through digitalisation," says Stasse.

Another drain is the conservation of audio-visual material also housed at the library. By law, seven French TV channels have been obliged since 1995 to deposit programmes. These are being accumulated at the rate of 17,000 hours a year, plus a further 28,000 hours of radio. In trying to span the printed and audio-visual

worlds, those behind the library have almost certainly underestimated the impact of the audio-visual boom.

But the library is meanwhile devoting huge resources to state-of-the-art cataloguing of items collected over the past five centuries. (France first established the principle of printers being obliged to deposit copies of books for the royal library in 1537.)

By next year it is hoped to have an electronic entries covering all printed and audio-visual material in the Mitterrand complex as well as part of the collection that has been digitised.

A link is also being provided with the specialised collections left in the old library building – antiquities, coins, maps, manuscripts, music, performing arts, photographs and prints. In tandem, a French Union Catalogue is being compiled under BnF supervision, putting on a database the main documents held in French university and rich municipal libraries.

Part of the catalogue and material is already available on the internet through a special server (<http://gallica.bnf.fr>), and the BnF is co-ordinating with foreign libraries to share information.

Problems of copyright, plus the need to protect traditional publishers' business, however, are liable to limit for the time being the amount of texts available to the public via the net.

This encourages librarians at the BnF to stake their continued faith in the printed word. But architect Perrot has an even bigger stake. He has made himself a hostage to fortune by choosing an open book design to symbolise the library at precisely the time electronic publishing is gathering pace.

Your company has invested \$100,000 in a new computer system and now it has crashed. The suppliers deny responsibility – the problem, they explain, is that the system was inappropriate for the job, not faulty in itself.

They can fix it – but to do so would cost a further \$100,000. Alternatively you could scrap the whole thing and, for the same price, buy the product you should have installed in the first place.

Assuming all other things are equal (the disruption factor and so on) there is nothing, rationally, to choose between the two courses of action. Both will get you the system you need and both will end up costing you a total of \$200,000.

In practice, though, the second possibility is rarely even considered. Most people – and institutions – spend more on shoring up misconceived ventures than they would dream of "wasting" by chucking out their mistakes and starting afresh.

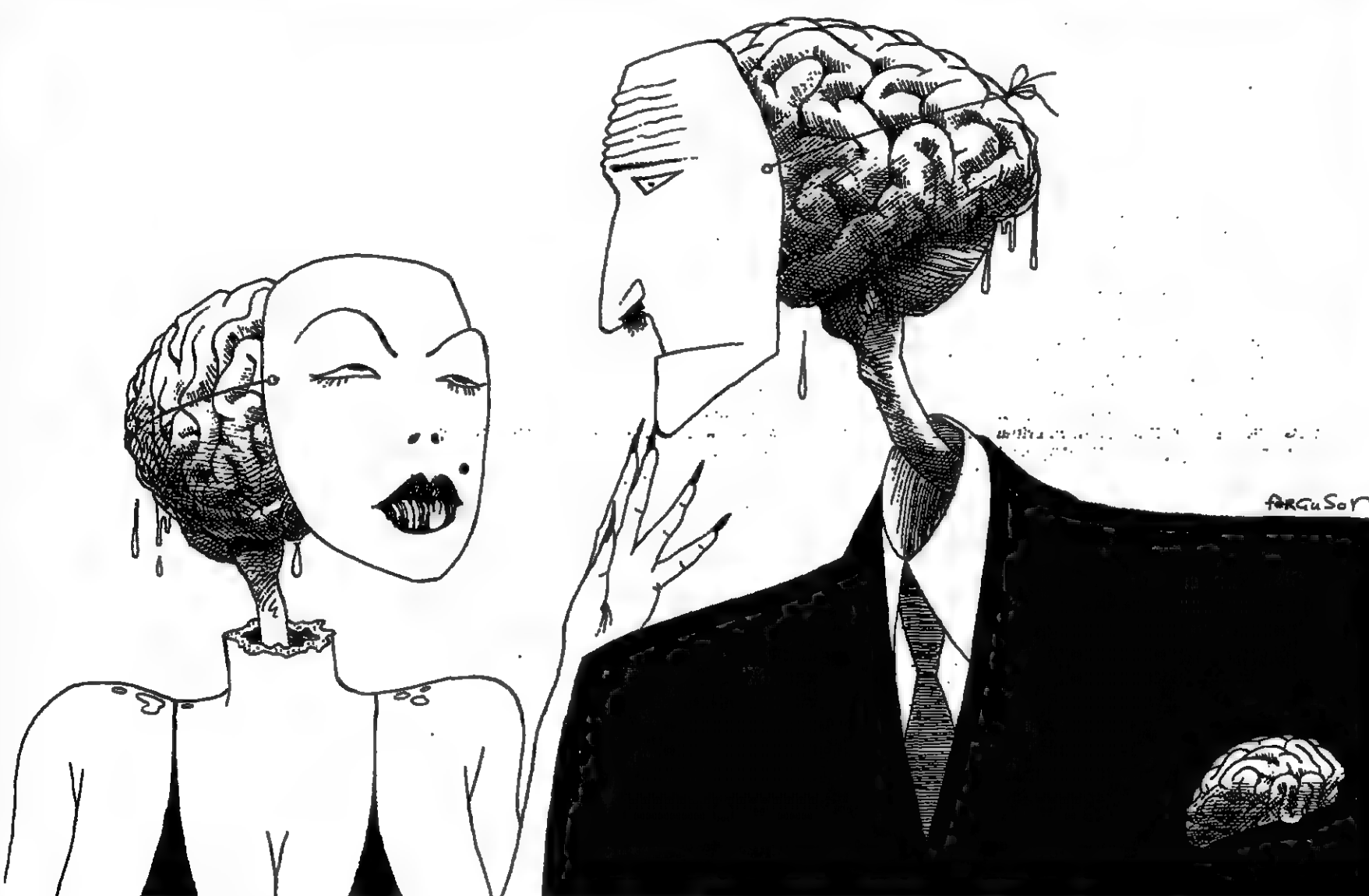
The tendency to throw good money after bad is known as the "sunk costs" effect and the importance of avoiding it is hammered into the head of every first-year management student.

Yet we go on doing it. Even those who manage to resist the trap in business activities often succumb to it in other situations: "I've paid £40 to watch this play, so I'm going to sit here, right with boredom, to the end..." they say stoically, overlooking that their boredom only adds a psychological cost to the financial one.

The reason we are so biased in favour of bringing existing projects to fruition whatever the cost is that such behaviour is built into our brains. It is the product of one of many conceptual illusions which constantly disrupt our attempts at rational decision-making.

The latest brain research, which allows scientists to examine the physical workings of the brain as well as the behaviour it produces, shows that such illusions are rooted not just in our culture, but in the neurological architecture of our brains.

The psychological (rather than biological) mechanisms



Bred deep in the head

Fresh research is uncovering the detailed working of the primitive, irrational brain, says Rita Carter

that lead us to chase sunk costs are well charted: essentially, once we have made an irreversible investment in something we imbue it with extra value – the price of our emotional "ownership". When we throw out such a thing a little of our self-esteem goes with it – hence the powerful desire to make it work.

A variation of this phenomenon is the "endowment effect" in which, for example, a person who is offered

\$10,000 for a painting bought for \$100 at auction might well turn down the offer, even though he would not pay \$10,000 to buy it. Again, the decision is not rational – the painting is only worth more than \$10,000 to the owner because he has attached his pride in his purchasing ability to the object itself.

Brain research is now going beyond these psychological models of decision-making to explore the phys-

iological basis of such behaviour.

"Functional brain imaging" lights up the parts of the brain which are active when we do mental tasks.

By doing this it, in effect, reveals the brain systems which produce our perceptions, thoughts and emotions. Studies of brain activity during decision-making demonstrate why habits such as chasing sunk costs are so difficult to avoid.

The human brain is

unique in containing modules responsible for thinking, planning, and making strategic choices, and these are largely responsible for making us such a spectacularly successful species.

Our rational faculties do not work in isolation, however. They are constantly affected by information from the primitive, unconscious brain. This part of the brain, called the limbic system, houses the modules which generate emotion.

All incoming stimuli pass up through the limbic area and anything that has emotional significance triggers activity in a nugget of neural tissue called the amygdala. This activity first produces a "fight or flight" reaction in the body. Then – a few milliseconds later – it is registered as a "feeling".

The upward signals trigger activity which causes opposing signals to be sent back down to the amygdala. These inhibit the fight and

flight reaction, allowing the conscious brain time to come up with a more sophisticated, rational response.

The two streams of signals are held in uneasy balance – if those coming up are very strong they will swamp the rational mind and the person will follow his instincts and run or hit out. If the downward traffic is stronger the emotional reaction will be muted.

In the normal brain, there are more neural connections

leading up from the emotional brain to the rational than there are leading down.

Each connection is a pathway for electrical activity, but it allows traffic in one direction only. So activity generated below has more effect on the rational brain than vice versa and this means that practically every decision we make – even choosing a computer system – is heavily informed by emotion.

The disruptive effect of emotions on strategic thinking is demonstrated most clearly by studies of psychopaths. Psychopaths are calculating, cold-blooded, insensitive and self-seeking.

Psychological studies show that they do not register emotion in the normal way, and brain-scanning studies suggest this may be because of a lack of activity in the amygdala, or a blockage of the neural pathways.

Psychopaths with low intelligence often end up in prison, but those who are of average intelligence or above are likely to be extremely successful: a 1998 study found that 6 per cent of UK managers fulfil the diagnostic criteria for psychopathy compared to about 1 per cent in the general population.

Psychopaths' success is due to the fact that the brain modules which calculate the best course of action are not inhibited by emotional concerns such as whether their choice may hurt someone else. Nor do they invest objects – such as paintings – with sentimental value, or give away self-esteem when they reverse a previous decision.

Their emotional impoverishment, which makes psychopaths so good at hard-headed decision-making, carries, however, a heavy price of its own: at the very least it is likely to create an alienated workforce and a private life that does not bear thinking about.

Chasing sunk costs may not be such a high price to pay for a fully functional brain.

Rita Carter is the author of *Mapping the Mind*, published by Weidenfeld & Nicolson, £25.

Just as Vietnam became known as the first television war, the conflict in the Serbian province of Kosovo may go down in history as the first fought through the internet.

Like any other freelance journalists covering the Balkans, the internet and e-mail communications have become an essential tool of my trade.

Gone are the days of hammering out telex tapes or fighting for a phone line. What is more, traditional news outlets for us income-seeking "stringers" are now being challenged by the cyberspace providers of multimedia news packages.

It was through one of these upstarts – Out There News – that I have engaged in e-mail conversation with more than 100 people around the globe, anonymous or otherwise, all on the subject of Kosovo.

Threats, advice, exhortations, offers of help, appeals for information – their messages have provided an intriguing insight

into how a nasty war in a small, long-forgotten corner of Europe has entered their lives through the computer screen.

"Scott", for example, was worried about his honeymoon in Greece. "Is it still safe to go there?"

A collective message from 40 American tourists about to embark on an Adriatic cruise asked: "In your opinion, sir, what are the chances of such a vacation trip being staged in this troubled area? Perhaps more pertinently, how advisable/safe does such a trip now seem?"

"Sir" was about as good as it got. Many of my distant communicators were convinced I was one of the war-hungry addicts that made a dirty living out of the misfortunes of others.

"Sincerely disgusted" rants: "You must be out of your mind, Guy. You are clearly on the side of the low-life population which is the Serbs. If you want to be biased to the Serb party, then you should just go to hell and quit reporting."

But, judging by other comments, my reports can't be that one-sided and have touched the nerves of both sides.

L. Pagan wrote: "I can't get away from the impression that you are not only paid well, I would rather say overpaid, by the Albanians. I hope that you do not call yourself an objective reporter because you do not seem to be informed very well." The distribute ended with a suggestion I should be put on trial by the United Nations war crimes tribunal.

Brian warns me: "I am going to make sure the Serbian people know what kind of articles you are writing. I don't think you have the guts to go over there."

'Why doesn't America allow Hispanics to take over Miami?'

"Over there" is where I actually spend most of my time. I wonder if Brian knows anything about the two men I caught taking the wheels off my car at the

dead of night in Kosovo recently. The Armageddon school gets good play, too. "Jimbo" has looked far into the future and says: "Kosovo. Nato is dead. No foreign policy. World War Four." Mysteriously he tells us nothing about the third world war.

The Americans don't come out of it too well, either. "NR" opines: "The war is a US plot to help Slobodan Milosevic [the Yugoslav president] in exchange for favours from the regime."

"T.Majic" – probably a Serb – presents the oft-quoted argument for not giving independence to Kosovo's ethnic Albanian majority. "Why doesn't America allow Hispanics to take over Miami or give independence to Texas and California?" he asks.

Nicest of all are the warm, fuzzy messages that have helped all the long nights in Kosovo. "For God's sake, keep your head down," says Rick. "Don't take any unnecessary chances and carry a weapon."

Unsigned, probably a former Nato foot-soldier, writes: "See if you can get protective gear, like a bullet-proof vest and helmet. They saved my life in Bosnia."

Actually, I have both but they've never left the wardrobe – I fear they make me look too much like a Serb policeman. And if I may share one of the secrets of the trade, it's generally only the well-paid TV types who wear such stuff to give the true war correspondent image during their "stand-ups" in front of camera.

S. Cook asks to be put in touch with both a Serb and an Albanian on each side of the conflict. "I would like to send them my concern, friendship and empathy, hoping that through discourse a shred of peace in the midst of horror may be born."

Tenta B, writing from her all-American kitchen, says she has just sent her daughter to school and is pouring out the coffee.

She thanks me for the "chat" and ends with: "My son is asking for cereal. I have to go now."

Only a few messages come from Kosovo itself. In April, I heard from Gëzim Gecaj, an Albanian, in the small border town of Decane.

He simply asked if he could be of any assistance. Unfortunately the next time I saw Decane was in June after much of the town had been razed by the Serbian police after intense fighting with the Kosovo Liberation Army.

Several hundred people disappeared and I haven't heard from him since.

Dispatches / Guy Dinmore

Wild echoes of a cyberspace war

سكرا من الامن

BOOKS

The making of Matisse

This superb life illuminates the early career of a great artist, writes Jackie Wullschlager

Matisse said that art should be as soothing as a good armchair - a metaphor, says Hilary Spurling, "that has done him more harm ever since than any other image he might have chosen". It combined with the story of his regular private life, happy marriage and familial loyalty, to nail his reputation as a grave bourgeois, at once stuffy and lightweight, for generations of art lovers.

In a century of unprecedented turbulence and disruption, we have looked to painters to embody emotional havoc, on and off the canvas; and it is those artists whose lives were most messy and shocking who have become the subjects of magisterial, full, gossipy biographies in recent times. John Richardson's *Picasso*, Michael Holroyd's *Augustus John*, Matisse by contrast has remained unknown. But you only need to look at his paintings to feel that there is more to his story. Behind those passionate, luminous, sun-drenched works is a desperation for peace and harmony; the rich, decorative images have been achieved at the cost of enormous inner anguish, and it is the emotional depths as well as the purity and tranquillity to which we respond.

"Suppose I want to paint a woman's body," Matisse explained. "I imbue it with grace and charm, but I know that I must give it something more. I will concentrate the meaning of this body by seeking its essential lines. The charm will be less obvious at first glance, but it must eventually emerge from the new image I have obtained, which will have a broader meaning, and one more fully human."

With Picasso, Matisse is one of the two founding figures of modern art; they stand at opposite ends of the spectrum, but each has shaped the visual imagination of our century by the way he met its horrors. "Matisse's intimate acquaintance with violence and destruction, a sense of human misery sharpened by years of humiliation, rejection and exposure... could be neutralised only by the serene power and stable weight of art," says Spurling.

Her book is an illumination, not only in its unravelling

of the obscure life of a great artist, but as an example of the coming of age of a new sort of biography in which it is not a scandalous private life but an endlessly evolving inner consciousness - the lonely conversation we all conduct with ourselves about finding our own path and its meaning - that is the true subject. This seems to me the exciting development of late 1990s

THE UNKNOWN MATISSE: A LIFE OF HENRI MATISSE, VOL. 1 1869-1908
by Hilary Spurling
Hamish Hamilton £25, 480 pages

biography - a move away from the overblown titillations which characterised the genre in the 1970s and 1980s, when biographers were experimenting with the limits of frankness in what could be exposed (Grenda Maddox's detailed recreation of James Joyce's sex life in *Nova*, for instance, or Holroyd's map of Augustus John's cruel erotic networks), to books such as this one and Richard Holmes'

Behind those passionate, luminous, sun-drenched works is a desperation for peace and harmony

Coleridge: finely-tuned psychological dramas of a self-doubting imagination at work over a lifetime.

Matisse's was nurtured in the sober landscape of French Flanders, where he was born in 1869 at Bohain, a small town at the heart of the thriving Flemish textile trade. From his parents he inherited the ideal of stable family and the ineluctable northern work ethic. His father was a seed merchant who worked all day and night; his mother provided unconditional encouragement to any endeavour her sons took up. Her hobby was porcelain painting; from her and from the weaving neighbours who surrounded him, leading and plying coloured bobbins, hunched over their

looms, clacking shuttles from dawn to dusk, he took the sense of colour that was the essence of his art.

Long after he had broken away from the north, he remained, says Spurling, not only devoted to Flemish beer and chips, but "a true son of the weavers of Bohain, whose fabrics astonished contemporaries by their glowing colours, their sensuous refinement, their phenomenal lightness and lustre". In that starchy utilitarian society, "there was little other nourishment for a nascent visual imagination". All around was the grim landscape of beet fields, smoking sugar refineries and textile mills, which was flattened by invading German armies three times in Matisse's lifetime.

In the broadest sense, this is a Freudian biography - the child is father of the man in every aspect that mattered. Young Matisse was dutiful but doxy, uninterested in the family business, able to express his sensitivity only through a series of nervous illnesses. At 20, recuperating from one of them in hospital, he had his legendary artistic awakening when the pragmatist in the next bed told how helpful it was to copy Swiss landscapes after a hard day at work ("And then, you see, you end up with something to hang on the wall.")

Matisse never looked back. From art college in St Quentin, where he was shung out for painting in colour and outdoors, he moved to Paris. To his father, it seemed a betrayal of every belief; in fact, Matisse simply transferred the Bohain values of perseverance, self-belief, loyalty to his new bohemian life in housing, gay 1890s Paris. His breakthrough came in 1895 in Belle-Ile in southern Brittany. It was the first time he had travelled beyond the inland plains of Flanders, and on this wild coast he exchanged his "Flemish palette of earthy browns and clay greens for the rainbow colours of the Impressionists".

It was a rehearsal for a more dramatic awakening to the bright abundance and ease of southern Europe when, in 1898, he spent his honeymoon in Ajaccio and returned to stay with his wife's southern family in Toulouse. The clash of north and south made him. He is grounded in the northern sensibility, says Spurling -



"the austere, concentrated feeling he shared with the great Flemish masters: a spiritual intensity released again and again at crucial points in his development as a painter by the light and colour of the south."

His wife, Amélie Parayre, is the heroine here - bold, indomitable, she had a fount of youthful courage and idealism awaiting a mission, which she found in her husband's radical art. She was muse, model, mainstay. She opened a hat shop to make ends meet while no one would buy a Matisse. She pawned her favourite jewel, never retrieved, for Matisse to buy Cézanne's "Three Bathers" at a time when the family was almost

starving. She brought up her children with the example of unstinting work and absolute emotional integrity that had formed Matisse himself. She posed in espadrilles and kimono by the Mediterranean for pictures damped with fiery colours that struck contemporaries as the work of a lunatic. When collectors began to make derisory offers, she held out for and got the full asking price.

For 20 years, visitors found their way to Matisse's paintings at the Salon by following the sounds of jeers and catcalls. The combination of realistic details of Amélie in St Tropez with imaginary beings in almost

leaps in mid-flight, and returned for two years to grey tones and conventional subjects.

Scholars call this the "dark period" and put it down to native prudency; Spurling uncovers a tragedy that hit Amélie's family, whose fortunes were tied to a dishonest speculator-employer who crashed sensationally in 1902, causing thousands of investors to lose their life-savings.

It was a scandal comparable to the Dreyfus affair; Amélie's father was briefly imprisoned, and Matisse gave up everything to help his family. It is a touching, human interlude, not so significant in the long term for Matisse's art, but revealing of the emotional tight-

rope he walked between stability and uncertainty.

He emerged into the daylight of St Tropez in 1904 and Collioure in 1905 as a famous "Fauve" or "wild beast", to produce some of his greatest works - "The Open Window, Collioure"; "Woman in a Hat"; "Le Bonheur de Vivre".

Spurling leaves him as he has found two collectors, Sarah Stein, sister-in-law of Leo and Gertrude, and the fabulously wealthy Russian Sergei Shchukin, whose faith in him help tilt the tightrope the right way. It is a mesmerising portrait, at once satisfying and tantalising as we await Volume 2, of the making of an artist.

The secret of banking success, said an investor recently, is to combine long periods of prudence with brief but ruthless exploitation of opportunity. The Rothschilds illustrate this maxim perfectly. In their case, however, the phases of inspired financial savagery were compressed into a couple of decades, between 1810 and 1830.

After that, the House of Rothschild settled for bankery prudence, and - ultimately - for prosperous decline. A history of the bank's two centuries of existence must cope with this gentle downward curve. It is a tribute to Niall Ferguson's skill that this inevitable reality is held at bay for most of the thousand pages of narrative.

Throughout the 19th century the Rothschilds' resources and cross-border reach placed them at the centre of international affairs, and gave them unique competitive advantages. There is more, however, to *The World's Banker* than a sober recounting of politico-financial intrigues. The book draws on the private letters of the family, many revealed for the first time, and provides a vivid portrait of the two key figures of the bank's glory years, Nathan Rothschild in London, and his younger brother James, in Paris.

It was Nathan who was largely responsible for pro-

Sheer nerve and profiteering

Peter Martin on the extraordinary story of the family which came to dominate European finance

peeling the five brothers into unprecedented wealth. He was sent by his father - originally a mail-order salesman of antique coins - from the Frankfurt ghetto to Manchester in 1798 or so. Starting in textiles, he soon found a more lucrative role in beating the Napoleonic War's bans on trade with the continent. By 1811, he was running a banking business in London, ready to take on the role of channelling government funds to Britain's allies and Wellington's armies.

Ferguson says: "Historians have never adequately explained how an obscure Jewish merchant banker - who only a few years before had been a smuggler, and a few years before that a minor textiles exporter - was able to become the principal conduit of money from the British government to the continental battlefields on which the fate of Europe was decided in 1814 and 1815."

But, given the gaps in the records, his own account is also inevitably incomplete. Bribery appears to have played a part in getting the mandate; the smuggling network helped fulfil it. Most important appears to have been sheer nerve - in setting up a clandestine funds transfer system, in keeping commission charges to a minimum, in recklessly extending credit to bridge the gap between dispatching funds and receiving settlement, in rigging the sterling

exchange rate, in profiting from the opportunities for arbitrage that this presented.

Nathan's second triumph came after the war. Whatever myth may say, the sudden defeat of Napoleon at Waterloo did not, on Ferguson's evidence, provide Nathan with the opportunity for a financial coup. Indeed, if anything, 1815 was a difficult year for the bank. But by riding the post-war boom in UK government bonds to its peak, Nathan was able to multiply the firm's assets manifold. This capital strength and the multinational nature of the partnership allowed the Rothschilds to exploit to the full a period of hectic government bond issuance. There was scope not merely for lucrative underwriting commissions, but also for manipulation of the accompanying fluctuations in currencies and interest rates.

THE WORLD'S BANKER: THE HISTORY OF THE HOUSE OF ROTHSCHILD
by Niall Ferguson
Weidenfeld & Nicolson £30, 500 pages

Between 1815 and 1828, Ferguson calculates, the combined capital of the Rothschild houses in Frankfurt and London rose from £500,000 to over £4.3m. In the same period the capital of Baring Brothers, their closest rival, went from roughly £375,000 to £210,000.

Such breathtaking figures recur throughout the Rothschilds' heroic period. When Nathan's youngest brother James de Rothschild, based in Paris, died in 1863, his estate appears to have been worth roughly 1 per cent of French GDP, a scale of affluence perhaps twice that of Bill Gates's today. And James was only one of the Rothschilds.

The scale of the Rothschilds' wealth made them, in the eyes of the German writer Heinrich Heine, who knew James well, implicitly a revolutionary force. Though James lent money to reactionary regimes - and thus helped shore them up - he was "ultimately a powerful destroyer of patrician privilege, and the founder of a new democracy."

By inventing the modern international market for government bonds, Rothschild substituted financial assets for landed property. Heine's account has James arguing that the holders of these assets, no matter how powerful, could never be as enduringly repressive as the old aristocracy, because money was inevitably more impermanent than land. "One can gladly forgive the impertinence of the new nobility," Heine said, "in consideration of its ephemerality. In the twinkling of an eye, it will dissolve and evaporate."

The Rothschilds avoided sharing the impermanence they created, thanks to the single-minded sobriety of the later generations. It is hard for the reader, however, not to end up focusing on the role of their more impulsive predecessors - even though that means ignoring the Rothschilds' role in keeping the peace between 1815 and 1914, in creating continental Europe's railways, in leading the way in Jewish affairs. That choice is not merely a result of the inherent appeal of creative recklessness compared with prudence. It is also a consequence of the insight the early intimate correspondence gives into a particularly close-knit family.

Close-knit, but not always harmonious: Nathan had no hesitation in taking his brothers to task, and from time to time they rebelled. Salomon, the Vienna brother, wrote to him in 1814: "To put it quite bluntly, we are neither drunk nor stupid. We have something you in London obviously do not - we keep our books in order. The English mail day is a regular terror for me. Every night I dream of these letters. One just doesn't write that way to one's family, one's brothers, one's partners."

If Nathan behaved that way to his brothers, imagine how he treated his rivals (and sometimes his clients). James was equally cavalier. Still, the brothers remained a remarkably effective multinational bank. It was only in the later decades of the century, as family ties weakened and the cousins became assimilated into their own national milieus, that the close links between the Rothschild houses frayed. But while they lasted, the frankness of the daily communication provided a unique insight into an extraordinary family, and a unique financial enterprise.

Niall Ferguson's chronicle does full justice to both.

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BOOKS

Class put in its proper place

Peter Scott comes to the conclusion that Britain's obsession with class is a stabilising concept

The first of these two books, *Class in Britain*, is a topical book on a very old subject. Above all what divides New Labour from Old Labour – and so, arguably, explains the former's spectacular electoral success and the latter's failure – is their different conceptions of class. The mental world of New Labour is dominated by categories such as "Middle England", while Old Labour was animated by the need to wage a just war against class inequalities.

The differences run deep. It is not simply that New Labour is sensitive to the needs and desires of the Middle Majority in the same way that Old Labour was loyal to the industrial working class. New Labour has also espoused a new political "style", the word itself is important because, in a postmodern world of fleeting images, politics are seen as shaping social identities. Old Labour, in contrast, believed that social realities structured politics.

As early as the 17th century people puzzled about how to describe social inequality. Although the semi-Marxist description of the Civil War as a bourgeois revolution has long since been eroded by historical scholarship, the partial dismantling of the old hierarchical society between 1640 and 1660 set England apart from the rest of Europe. At the start the language of class was also the language of modernity. Only in the present century has our class obsession come to be regarded as a mark of backwardness.

In this wonderfully fluent book David Cannadine distinguishes between three different models of class society – hierarchical, in which the rich man was in his castle and the poor man at his gate; triadic, in which society was divided into the upper, lower

and (endlessly rising) middle classes; and the dichotomous, divided between Capital and Labour or, as Gladstone put it in a famous speech in Liverpool in the 1890s, between "the classes and the masses".

He argues that almost all that has been said and written about class can be reduced to one of these three models. Margaret Thatcher in her angry denial of class is appealing to the hierarchical model, although expressed through an unforgiving meritocracy. Tony Blair, battling with the House of Lords on one front and single-mothers on the other, bases his appeal on the triadic model in which Middle England has come to occupy almost all the social space; and the division of the wider world into haves and have-nots echoes the dichotomous model.

Cannadine's is far too subtle an account of class to submit to simple periodisation. Although he sees the 18th century as a period of "class without class struggle",

CLASS IN BRITAIN
by David Cannadine
Yale University Press £19.95,
238 pages

HISTORY IN OUR TIME
by David Cannadine
Yale University Press £16.95,
320 pages

through which quasi-feudal hierarchies persisted (only briefly, if violently, interrupted by the mob), he recognises the emergence of the language of class. All three conceptual models were familiar by the 1780s. The 19th century he labels "a viable hier-

archical society", but again he recognises the exceptions – the social turmoil of the 1820-1840s, the age of Reform and the Chartists, and of the 1890s, the dawning of organised labour.

The 20th century defies even such approximate classification. Britain never came closer to the Marxist stereotype of a class society than between 1906 and 1926. Yet the same two decades were also characterised by the re-invention of "tradition", the development of a cult of royalty and its social and cultural dependencies. The establishment of the Order of the British Empire and the dissolution of the empire it celebrated were not separated by many years. Later the 1945 Labour government, heir to a dichotomous class-struggle conception of society, established a post-war settlement that cele-

brated, and consolidated, social peace and cohesion – and much more of which survived Thatcher than is often supposed.

Class, like all languages, can be read in many different ways. Certainly the fit between ideas of social class, actual social descriptions and real social inequalities is very loose. In the 16th and well into the 19th century, social scientific knowledge barely existed. Even the number of people in assumed "classes" was largely unknown. But speculation about class went unchecked. For much of this century, although not sadly today, Britain was an exceptionally egalitarian society. Yet this did nothing to diminish our chattering about class.

Maybe we should not complain. To explain social differences in terms of class is surely more benign than to try to explain

them in terms of religion or ethnicity, as recent events in the Balkans have shown. Inexact they may be; culturally constructed they certainly are; nevertheless, class differences are probably better approximations to social reality than crudely expressed differences between Bosnian Muslims and Russian Serbs, or Chechens and Russians.

Cannadine's second book, a collection of essays and reviews, hints at the dangers of the new postmodern politics. Two chapters focus on cathartic people – one dead, Diana, Princess of Wales; the other very much alive, Margaret Thatcher. Both in their time roused powerful emotions that went beyond the comforting seal-certainties of class. Tony Blair may have done the same, although less frighteningly. But it is difficult to escape the conclusion that class is a stabilising concept, which not only is not inconsistent with but may actually encourage individualism. How else can John Major's sentimental appropriation of George Orwell's images be explained?



Cowboy culture: the age of boots and saddles, bow and arrows – for browsers

The Wild West starts here

From Cherokees to Ross Perot, Jurek Martin finds many unexpected delights in this monumental tome

One of the often unexpected delights of encyclopaedias, assuming they are arranged alphabetically, can be entries which run sequentially. They may give an extraordinary flavour of the depth and width of the subject matter at hand.

There are many such sequences in this comprehensive and admirable volume on the American West. A favourite random choice – interrupted only by the tempting notation, Stetson Hat: see Cowboy Clothing – reads Starr, Belle; Stefens, Lincoln; Stegner, Wallace; Steinbock, John; and Steunenberg, Frank.

The first four names may be familiar, as the most notorious American female outlaw and three fine writers specialising mostly in their region. A personal view is that Stegner's *Beyond the 100th Meridian*, about the explorer-scientist John Wesley Powell who first navigated the Grand Canyon in 1898, is one of the finest American biographies of this century.

But Frank Steunenberg was an important figure buried in time until the late J. Anthony Lukas disinterred him in an equally fine book two years ago. He was the businessman and former governor of Idaho whose assassination in 1905 was a national sensation, setting off a classic debate, replayed even to this day, about whether the West should be preserved or exploited to the hilt.

On balance, this encyclopaedia comes down on the side of the currently ascendant revisionist school, which has tended to accentuate the dark and less glorious side of the frontier. This is hardly surprising since it is published by Yale University Press and its editor, and many of its contributors, are drawn from the American Studies programme at Yale University which has done pioneering reassessments of the West.

But in no sense have they produced a polemic. They have also used the broadest of canvases, not confining themselves to the land west of the Mississippi, or even to the age of bows and arrows and

boots and saddles. The frontier, or "western", stages, of all 50 states get due reference, as do contemporary characters. Right up to Ross Perot, the Texas billionaire and populist politician, and Wilma Manikoff, the Cherokee leader awarded the Presidential Medal of Freedom earlier this year.

THE NEW ENCYCLOPAEDIA OF THE AMERICAN WEST
edited by Howard R. Lamar
Yale University Press \$60, 1324 pages

A little knowledge being a dangerous thing, a reviewer may quibble here and there. It is disappointing, for example, that Sinky Galeska, also known as Spotted Tail, the great Sioux chief who chose not to fight Custer at the Little Big Horn, warrants only a picture rather than a full entry. But at least Mangus Colorado, the Apache leader, gets his due as "a hero among his people".

And so, with excellent scholar-

ship, does the host of Western gun-fighters who have become the stuff of screen legend. Among them are the Earp brothers and "Doc" Holliday, Jesse and Frank James, and Billy the Kid, who, it is interesting to learn, may have died at Sheriff Pat Garrett's hand under the name of William Bonney, but was born Henry McCarty in New York, the son of Irish immigrants.

Early mountain men, fur traders and guides also get proper recognition, like as Kit Carson and Jim Bridger, whose knowledge of the geography of the frontier was such that he was known as "an atlas of the West." In another beguiling sequence, the entry after Bridger is for Harry Bridges, the Australian-born, San Francisco longshoremen's union boss who died in 1960, and who "stands as the greatest labour leader in the history of the West."

But the great strengths of this encyclopaedia are its long, thematic analyses of the issues that shaped the region – the shortage of water so accurately diagnosed by John Wesley Powell, the land

reform movement, the impact of the railroads, of mining and minerals exploration and of the cattle industry, right down to an informative passage on cowboy clothing and the contribution of John B. Stetson and Levi Strauss.

Still, even objective monumental tomes can attract some controversy among the literati. Larry McMurtry, the novelist from Texas (*The Last Picture Show*, *Lonesome Dove* etc) earns an entry with a rather tart aside. "His attitude, toward the West, always ambiguous, seems even more ambivalent in his most recent works."

McMurtry's revenge was a critique in a recent *New York Review of Books*. The encyclopaedia, he wrote, was "useful and informative," but "it's possible to read every word of it without acquiring a very clear sense of where, exactly, the contributors think the American West actually is." He also mischievously thought it was remiss for not including entries for "chilli" and "car wrecks, fatal," both "as much a part of the culture as rodeos."

Fiction/Richard Skinner
Lupine love

to help calm the locals. As she settles into Hope, Montana, she befriends Buck's 18-year-old son, Luke. Together, they roam the highlands, howling at the moon.

THE LOOP
by Nicholas Evans
Bantam Press £16.99, 359 pages

moon and setting traps for the wolves so that they can tag them and monitor their movements.

Evans' book is an unsuccessful marriage of the "eco-message" book and a lupine love story. All the clichés are in place – a moonlit lupine trapper (dressed in fur); Buck's undemonstrative

scene, Evans has two wolves coupling in the "windless world", only to cut straight to another scene in which Luke and Helen "lay naked and entwined in the candlelit cabin". Anthropomorphised, beyond all recognition, Evans has erred by robbing this stark and beautiful creature of its primeval majesty.

Where Evans could have improved his book tenfold is by providing much more pure description of the wolves in their own world, of the world which we could have then entered more fully. Throughout the book, many wolves are hunted and killed, while many others are trapped and moved to safety. There is a bloody climax among the humans, which is pitched at the level of Greek tragedy, but the narrative, like the wolves in it, seems both tired and lame.

Headline tour of US history

Harold Evans' new book, *The American Century*, is a thing of beauty for the coffee table: with 900 striking black and white prints, it creates a larger-than-life photo journal of the last 100 years of American history. But too much of it reads like a cross between *National Geographic* and the *Encyclopedia Britannica*: oversized photos, matched with text which is either underweight, or a bit dull.

The book's best writing is in the picture captions. Lively and terse, they provide miniature essays on American history and its largest personalities. Taken together, they achieve what the author sets out as his purpose: to create an "accessible popular political history", a "history for browsers".

But the book also makes larger claims: in a rather breathless preface, Evans (former editor of the *Times*, former *New York* publisher and US immigrant of long-standing) promises nothing less than a treatise on the idea of freedom, American-style. His goal, he writes, is "to put great questions to small data", to "follow the flames of liberty and equality and to understand what saves them from extinction in the exuberant gusts of opinion characteristic of American society."

Evans begins each photo-chapter with an essay meant to sketch a larger political or social context. Some of these are good reading – notably on immigration and US foreign policy – but others are merely workmanlike compilations of previous historical writing. Indeed, much of the book reads like a "cuttings job" – snippets of published sources, pasted together rather than sewn.

What the book lacks in grand vision, however, it makes up for by opening smaller windows onto history. Evans' pictures startle the reader to attention: a 1940 photo of Ronald Reagan modelling a bathing costume invites one to read on and discover that Reagan had "the most nearly perfect male figure" that he was a "Mamma's boy" and that "Mamma" taught him to read by the time he was five years old.

Evans shows a sleepless Lyndon Johnson, the former president, playing dominoes in his dressing gown during the Vietnam war; a similarly attired president Reagan ordering the invasion of Grenada in between rounds of golf; and

a rare photograph of Franklin Delano Roosevelt, the president crippled by polio, struggling to shift his rigid legs out of the presidential convertible. Other photos powerfully evoke historical periods: the Dust Bowl and second world war series are particularly fine. These pictures draw readers to captions which deliver either fascinating gossip or potted histories. They provide an excellent "headline tour" of the century.

The book is also great for answering trivia questions, such as: who was the "Jim Crow" whose name is joined in infamy with the Old South's "Jim Crow" segregation laws? (Answer:

THE AMERICAN CENTURY
by Harold Evans
Jonathan Cape £40, 710 pages

a comic jumping character in a minstrel show.) What did Eleanor Roosevelt, the former First Lady, think about sex? (Answer: she viewed it as an "ordal to be borne" – her husband's views are not recorded.)

It is not easy to integrate such tidbits into a fluent narrative, and readers are warned (by Evans himself) not to try to read the whole tome from end to end. Simply dip in, then try a few of the chapter introductions – especially those dealing with foreign policy, in which Evans roundly castigates the US for its many spells of dangerous insularity. There are insights on the subject of immigration as well, including the fact that Prohibition was an attempt by the middle classes to "Americanise" new working-class immigrants by denying them their drink.

Forgive the book its timing: its celebration of American democracy has come at a time when triumphalism has gone out of fashion as Russia and the Asian crisis have cast doubt on the supremacy of the American model. The book essentially ends with the presidency of George Bush, so although it celebrates the fall of the Berlin wall, it can scarcely take account of the hangover which followed.

Taken as a whole, the book presents a confusing mixture of highbrow and low. But it is a handsome effort, a neat package of 100 years of history tied with a sumptuous bow. Whatever its flaws, it expands the intellectual universe of the coffee table appreciably.

Patti Waldmeir

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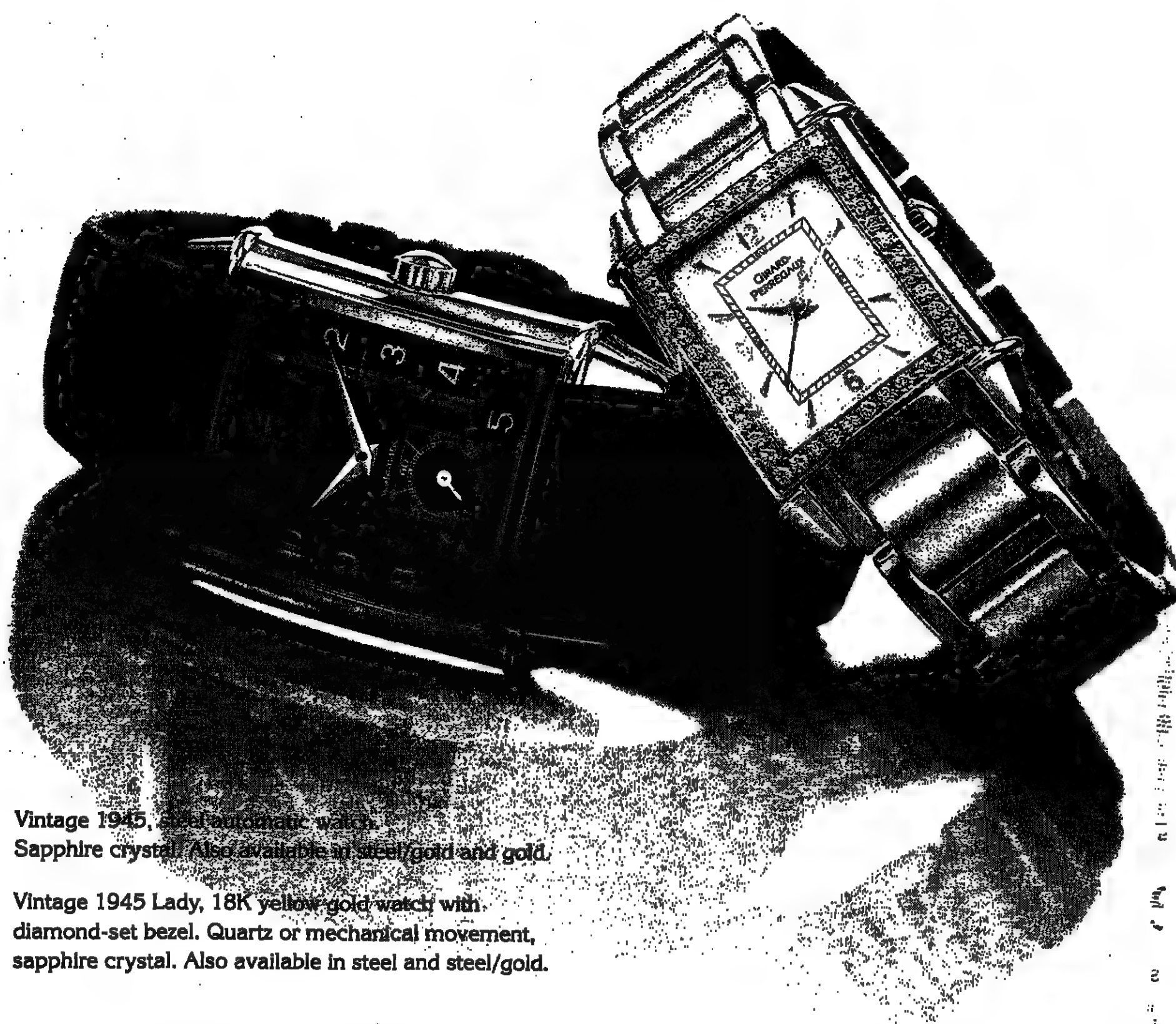
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ARTS

Pioneers of the north revealed

William Packer hails the New York Met's exhibition of early Netherlandish painting

In these days of ever-increasing reluctance on the part of the world's great collections to allow their treasures to travel, it is quite something to be able to put on, almost entirely from one's own resources, a full-blown review of one of the principal historic schools of European painting. We should not by now be altogether surprised by New York's Metropolitan Museum, but it still takes the breath away. Its current exercise covers the work of the early Netherlandish school from the early 15th to the mid-16th century and, augmented by a mere handful of loans, unites for the very first time four distinct collections in its possession which, by the terms of their bequests, have so far been held separately.

It is a magnificent display, astonishing as much in its quality as in its scope. All the great masters are represented in particular, and the school represented in its more general aspects and development under a succession of headings: the portrait; landscape; sacred painting; techniques and practice; it begins with the great Crucifixion and Last Judgment diptych of Van Eyck (c.1430), continues with Petrus Christus, Memling, Campin, Van der Weyden, Bouts, Van der Goes, Isenbrant, and the largest group of Gerard David ever likely to be assembled, and ends with "The Harvester" from the elder Bruegel's sequence of the seasons (1565), that opened the way to landscape painting and low-life genre as particular preoccupations within the northern European traditions.

But for all the scholarly opportunities and interest they afford, it is what these things are as paintings in

themselves that holds the eye, and transfixes the imagination. This, we should remember, is the school that until only recently was known as the Flemish Primitives. It may have a meaning within the narrow jargon of art-historical studies, but a more gross or misleading label would be hard to devise. We need only to use our eyes to give it the lie.

Happily we have had of late a spate of exhibitions and studies to help us do just that, notably the small Van Eyck exhibition at the National Gallery in London earlier in the year, and the *Meninging to Pourbus* exhibition at Bruges this autumn which, in taking us from the 15th to the 17th century, fills in the gap between the earlier and the later Flemish schools. Recent scholarship, too, has established the richness of the cultural and economic intercourse that was current at that time between the princely states of northern Italy and Burgundy and the Low Countries. We are not looking at the product of a parochial culture, but at one central to the general contemporary European experience. And of course all this is driven further home by the Metropolitan show and its hefty catalogue.

The particular contribution of the Netherlandish school to the development of European painting was twofold – the one technical, the other perceptual. Whether the early Flemish painters, and Van Eyck in particular, were the first to adopt oil as the binding medium for paint is still a matter of debate, but they were the first to exploit it, both in the particular surface quality and detail of application, and



Paintings that hold the eye and transfix the imagination: portrait of Marie Perle by Hans Memling, c.1470

In the move from panel onto canvas, and so to the easel and the studio painting that this allowed. But that technical quality of detail also allowed a particular quality of drawing and close natural observation to be developed in the painting. It is this quality which, in even the most spiritual and idealised of subjects, marks the character of the work from the very first. The Virgin, whether by David, Van der Weyden or whoever, is clearly modelled from life. The Annunciating Angel flies through a real window into a real room. Prosperous

burghers fix us with an unblinking commercial gaze. Memling's attendant female saints are dressed in the current height of fashion – the low neckline, the high slim waist, the long, close-fitted sleeves. We even begin to recognise the models. The pretty little dog frisking at Christ's heels on his ascent to Calvary may be by the great David himself, and that at the Adoration of the Kings be given merely to his workshop, but it is the same dog.

So we move into the genre that was to characterise Dutch and Flemish painting

for two centuries or more. Out through the window beside the Virgin's throne, life goes on. Christ goes to his death as the mob laughs and squabbles at his, to them, mundane torment, as would any crowd unthinkingly excited at an execution. In the work of Van Eyck or David, Van der Goes or Van der Weyden, this, to the contemporary imagination, is how it must have been.

The farmer ploughs his field, and Bruegel's peasants rest from the midday sun. And we look down that idyllic, golden hillside, to the vil-

lagers playing on the green below, and so on down painting's long vista, to Rubens and Rembrandt, Tintoretto and Steen, Hobbema and Constable. Across five centuries, these painters, from Van Eyck to Bruegel, are still so close to us, if only we care to look.

From Van Eyck to Bruegel – Early Netherlandish Painting in the Metropolitan Museum of Art, The Metropolitan Museum of Art, 1000 Park Avenue, New York, until January 3; supported in part by the Kossak Family Foundation.

A talent too grand to abuse

Michael Clark, the bad boy of ballet, is back. Clement Crisp reports

After four years away from the theatre, Michael Clark has returned this autumn to tour a new piece which I saw at London's Roundhouse last week: *current/SEE* (His addiction to punning, side-wings titles is by turns exasperating and illuminating – like his dance ideas).

The accompaniment is provided by two drummers with full, and fully-amplified, kits of weaponry, and by the bass and ear-thrilling electric guitar of Susan Stanger, who calls her offerings "gleefully morose minimalism". How well she describes it. Stanger thrums and strums on one note for an eternity, while the racket sets your bones and eardrums a-rattle.

It is brutal, and so off-putting that I fled the Roundhouse at the interval. My report is, thus, only on the first part of Michael Clark's soiree. It may be that the second half was as sweet as the gentle tinkle of an aeolian harp – but I have my doubts: five electric guitars were the promised musical reward for the second part. My ears and nervous system are more precious to me than the delights of Clark's dances.

These, in effect, are very odd. Michael Clark is now 36-years old. Twenty years ago we first saw a prodigiously gifted boy from the Royal Ballet School offering Scottish dances with such grace and brilliancy that a phenomenal career must surely follow. There followed, instead, the years of wilder and wilder experiment, of juvenile delight in outrage, of an absolutely comprehensible intolerance of the mimy and the staid, but an incomprehensible anger with his own talent.

(It was if he was teasing us, as well as himself, through a hectic misuse of a marvelous physical gift and a no less astonishing sense of adventure. Within the academy he might have broken rules and opened the windows in its stuffy studios,

Outside, he was merely shy pebbles at it.)

The last work before his recent four years away from performance was his (to me) finest, most daring (because he used Stravinsky's *Apollo* and made sense of it), and most daringly beautiful. This *O* seemed to reconcile Clark as Heaven-born (like Apollo) classicist and Clark as naughty-boy grown up.

His new piece – or that half of it I saw – is set for Clark, two girls and another

Clark remains a fascinating, disturbing performer and must now put away such childish things

male dancer. It begins with Clark lying on stage, finding his way round and over it, feeling, seeking, stretching, and then eventually starting to move. What we see is a man more heavily-built than before, but endowed with beautiful legs, instead that any dancer would kill for, and a sense of classical harmony, refined contrapuntal formal clarity in making movement. It is fine to see again, but leads nowhere. He and his colleagues are simply dressed in black tops and trousers, the stage is (save for Stanger's instrument of torture and its amplifier – Oh! for a power-cut here. The effect is austere, almost analytical. Amidst its ambient din the dance seems stilled, cowering under attack.

What may have happened in the second half I cannot surmise. What is clear, though, is that Michael Clark remains a fascinating and disturbing performer. But he must now put away childish (which is to say crassly shocking) things. His talent is too real and too grand for such toys.

Television/Christopher Dunkley

Why patterns of human behaviour don't change

With the former totalitarian states of the communist bloc enjoying greater freedom of expression than at any time in living memory, Britain must now be one of the most heavily censored and repressed countries in the world. Yet even in Britain matters are changing. With satellite and cable television offering access to a range – limited and woefully embarrassing, but still a range – of sexually explicit material, from the topless darts on Live TV to the

narcotically tedious sexual mechanics of the Adult Channel, it would seem odd if mainstream terrestrial television was still unable to present serious explicit factual programmes about sex, such as *Anatomy Of Desire* which starts on Channel 4 on Monday.

The word "still" is

necessary because there is a long tradition of suppressing such material in Britain. In the autumn of 1976 the late Udi Eichler made a series called *Sex In Our Time* for John Edwards and Jeremy Isaacs, who were then running Thames Television. The seven programmes had been completed and scheduled when an alliance

of officious bureaucrats and frightened businessmen managed to scrap them. The titles included *The Legacy Of Cullis*, *Women's Sex And Identity* and *Alternatives To Marriage* – all topics which crop up in the first two episodes of *Anatomy Of Desire*.

Time was when learned reports about sex were so unusual that each one – Kinsey's in 1948 and 1953, Masters and Johnson's in 1966 – caused a volcanic eruption of public interest. Today, with the sex section in bookshops occupying almost as much space as cooking or gardening, the subject has become almost commonplace. So the makers of this series, Simon Andre and Richard Curson Smith, have done a remarkable job in collecting so much material that makes your eyes widen in interest and even astonishment.

For instance, they open their first programme with a phenomenon which may be well known to the sophisticated who read the FT, but is news to me: the Japanese procurer who stands at the side of a busy street and periodically rushes into the crowd of pedestrians to proposition one on behalf of his client. A few clients, it seems, are

women, but most are men. If the procurer can get agreement to merely a chat, he has earned his £300 and the client takes it from there. Given the existence of prostitution and dating agencies in Britain and elsewhere, there is nothing so astonishing about this except for the matter-of-fact way in which it is done.

Much of the opening programme is concerned with the differences between men and women, differences driven, we are told, by the fact that men can produce 12 million sperm an hour, and have an instinct to spread their genes around, whereas women are born with all the eggs they will ever have, and an instinct to catch the sort of man who will be a good provider. Feminists may not take too kindly to the biological determinism that lies at the heart of this programme, and ask why so much weight is given to nature and so little to nurture. With modern drugs and contraceptives, are we not now masters – yes, yes, and mistresses – of our own destinies?

The answer, if you believe the contributors to this programme, is no. According to the last speaker in the programme, a woman: "The 20th century has had a huge impact on human behaviour, but the brain is not going to change: it's going to take millions of years before we select against the basic patterns of human behaviour." And the evidence presented powerfully reinforces that conclusion. Asked to choose between pictures of the same

man posing as a bit of beefcake and then holding a baby, women tend to choose the one with the baby. Male body odour (contained, believe it or not, in T-shirts worn for three nights by men, transferred to air tight jars, and sniffed by lots of women) turns out to be attractive chiefly to women who are ovulating. Conversely, men who inhale female odours while ranking photographs of women for attractiveness tend to mark the attractive down and the unattractive up, thus

making all women more equal in attractiveness. Genes, you see – the instinct to spread them about.

Biology moves aside next week for a look at the way in which 2000 years of Christian thinking about sex – it's dirty, it's sinful, it calls for flagellation – have produced some very peculiar tastes and attitudes in our society. Apparently that nice Mr Kellogg, Christian manufacturer of breakfast cereals, was so keen to preserve his semen that he chose to have no children, and exulted in elysophilia: love of enemies. It seems he had one every day after his cornflakes. So Mother Nature failed totally when it came to spreading his genes around.

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ARTS

Paris pays homage to photography

'Le Mois de la Photo' celebrates the art that was invented by Frenchmen, writes Nicholas Powell

From sepia prints of Victor Hugo in exile on Jersey, looking prophetic and exceedingly bored, to US photographer W. Eugene Smith's tragic pictures of Japanese victims of mercury poisoning and the morbid, pornographic self-portraits of French transvestite Pierre Molinier: this month, private and public galleries in Paris are staging over 60 photography exhibitions as part of *Le Mois de la Photo*.

Enthusiasm for photography is nationwide in France, and institutions are busy forming their own collections

Photo. This is the city's biennial homage to the art invented in 1839 by Frenchmen Nicéphore Niépce and Louis-Jacques-Mandé Daguerre, and many of the exhibitions will continue until early next year.

An early fan of photography - although his efforts to have his books illustrated with photographs were scuppered not only by Napoleon III's censors but also by publishers' nervousness about the new-fangled technique - Victor Hugo encouraged his disciple Auguste Vaquerie and his son, François-Victor, to take 350 photographs, mostly of him, during his exile on Jersey between 1852 and 1855. Many of these prints are on show at the Musée d'Orsay, while the Maison de Victor

Hugo is exhibiting pictures of the writer taken in 1862 on Guernsey, by a fellow Republican exile, Edmond Baco.

Organised by the 55m museum-conference centre, the Maison Européenne de la Photographie, or MEP, this year's *Le Mois de la Photo* has three themes - "intimacy", "enclosure" and "event", and all of them are sufficiently vague to allow any amount of improvisation. Among the MEP's own contributions to the month are a show of recent photographs by American artist Jim Dine, and work by the neglected 60-year-old Dutch photographer and filmmaker Johan van der Keuken. Der Keuken is the star of no fewer than six shows throughout Paris, and the Galerie nationale du Jeu de Paume is mounting a retrospective of his photographs.

The MEP is also devoting space to Weegee, real name Arthur H. Fellig, a photo reporter who worked for the main New York papers and agencies in the 1930s and 1940s. Weegee would race to the scene of crimes and accidents after eavesdropping the police on a short wave radio, and develop his films in a dark room rigged out in the back of his car in order to scoop all competitors. From murdered mafiosi to outrageously overdressed first nighters at the opera, drunks in the Bowery and prostitutes aboard paddy wagons, Weegee covered all New York life.

Enthusiasm for photography, it seems, is nationwide in France. It is also academic. Paris's Ecole des Beaux-arts has long included photography in its curriculum and even the Sorbonne, among the most conservative of France's universities, now proposes two courses in the history of photog-



A document or a work of art? 'Distortion 6' by André Kertész, shown by dealer Jane Corbin in one of many exhibitions currently celebrating photography in the French capital

raphy. Festivals of photography, meanwhile, are organised every year in Arles, Cahors and Perpignan, while national institutions are busy forming vast collections of photographs. Opened in 1998 and funded by Paris City Hall, the MEP already owns a stock of 15,000 photographs. Paris's Georges Pompidou Arts Centre has a large collection, while the Musée d'Orsay owns 40,000 negatives and prints, ranging from the first ever photos of 1839 to Man Ray's 1923 death-bed portrait of Marcel Proust.

After nourishing American dealers' appetites for photographs for years, Paris recently began to wake up as a marketplace in its own right. Several dozen galleries now specialise in vintage and modern photog-

raphy, as well as work by contemporary artists who, increasingly, are turning towards the medium. Dealer Bernard Utudjian of the Polar gallery, for example, says that half the artists who show him their portfolios nowadays work in photography, and that his photo exhibitions attract up to three times as many visitors as other shows.

Another Paris dealer, Marc Pagneux, who deals in 19th century and pre-second world war photos, says that a large number of collectors have been coming to him from other fields - especially that of contemporary art, where prices collapsed so spectacularly in 1980 - over the past three to five years.

French collectors, however, are not yet prepared to pay too much for photographs. "They are willing to pay up to £1,000 for a photo but only a tiny handful will go as far as £10,000," says Pagneux.

American buyers are making much of the running. At an auction in Chartres last June, New York dealer Thomas Walzer paid a world record \$115,000, 20 times the estimate, for "Pierrot Ecoutant", 1854, by Adrien Nadar, known as Tournachon and brother of the more famous photographer, Félix Nadar. Sotheby's already has a sale of photographs, described as "important", lined up for next year, when new legislation will at last enable the firm to operate in France.

The interest of the French public in photography and the num-

ber of good dealers in Paris, are two of the reasons behind the creation of the show *Paris Photo*, according to its director, Rik Gadella. After a convincing start last year, at which works priced between £1,000 and £2,000 reportedly sold well, a second edition of this, the only European fair devoted exclusively to photography, is being held in the Carrousel du Louvre from November 30 to 23. Seventy-eight dealers, more than half of them from outside France, will be showing photographs at prices ranging from a few hundred pounds to over £50,000.

The entire, admittedly short history of photography will be represented, from 18th-century oriental travel photography on the stand of the Hypnos gallery

of Paris to recent works by Georges Roussee, an artist who paints empty buildings and then photographs the result, with the Parisian Galerie Durand-Dessert. Toronto dealer Jane Corbin is showing shots taken in Paris during the 1920s and 1930s by Hungarian-born André Kertész, and Galerie Beaudouin Lebon is exhibiting unpublished polaroids by Lucien Clergue.

It may sell well, but is it art? Gliese Freund, the great portraitist of Parisian intellectual circles in the 1930s, whose work has increased threefold in price over the past decade, said in 1991: "In my opinion, a photograph is first and foremost a document. Admittedly, it sometimes becomes a work of art. But rarely."

Radio/Martin Hoyle

A haunting Remembrance offering

Radio's predominant accent had been Welsh the week before. Last week for some reason the flavour that lingered was Scottish. Lovers of Caledonia got off to a shaky start with Saturday's *Weekend Women's Hour* which rebroadcast a discussion on the poet laureate, Scott. A grimly po-faced (or rather voiced) Scott's literary lady expressed her wariness of an institution bound up with the monarchy and implicitly a tool of the British government.

Her patently embarrassed interlocutors tried to keep the tone sensible, but Ms MacSparr had done the damage. I was reminded of an old Edinburgh friend who maintains that the Scots - never mind the Americans - lack irony. It explains why Jekyll and Hyde are Scottish creations: without the mediating influence, calms and

disasters, of irony you're necked between one extreme and another like a pea in the referee's whistle at a Celtic-Rangers match.

On Tuesday the Scots made magnificent amends. *The Girls They Left Behind* was a misleading title. There was no militant feminism in the studio; and there were both boys and girls on this outing to Belgium for pupils of James Gillespie's High School, Edinburgh. The youngsters' reactions were interwoven with poems by the women left at home in the first world war, sound effects, the gentle gravity of the teacher-guides, the discov-

eries among British war-graves.

The sighting of the headstone of a 17-year-old soldier sobered the mood. They later found the Great War's youngest casualty: a boy of 14 who had lied about his age. The schoolchildren reflected that some of the boys in their class were older than that. A father (sergeant, 44) and son (corporal, 18) lie side by side, killed on the same day. The Scots dominate thought of the mother left behind. "What hope is there?" he asked, the measured sobriety of his voice giving way to something like outrage.

The party found two soldiers executed for desertion.

Private Stanley Stewart was a volunteer reservist, one of the first across the Channel, wounded and shell-shocked but returned to service still "in a state of nerves". In 1917, after three years of fighting, he "absented himself from duty". He was not medically examined at his trial and despite his good record was shot.

For all that Scottish solemnity, the master had the imagination that characterises all good teachers. Real conversations, he said, take place in the open, walking through the countryside. The group turned off their

torches for a nocturnal visit to the grounds of a Belgian chateau. "You're so much freer in the total darkness than you can get in the classroom," he said. "Look up in the sky - the time is 1916, 1917, 1918..." They were the same stars for the young soldiers on the Western Front.

Produced by Julie Fraser and Pam Wardell, *The Girls They Left Behind* was the most haunting of Radio 4's *Remembrance* offerings for Armistice week. Susan Song also cures up fascinating and moving facts about some of the

musicians who were killed in the First World War. The pianist, David Owen Norris, and tenor, Ian Partridge, naturally gave us Butterworth but also one Dennis Brown, of whom, to my shame, I had never heard, and the German Rudi Stephan, hit by a sniper on the Eastern Front, whose music sounded strangely Brittenesque before its time.

The conversation, musicians joined by a historian, was oddly disjointed, as if choppily edited, but both informative and touching. The point was made that the other hand, the successful combatants was nostalgic and soft-grained; non-

fighters like Stravinsky in Switzerland were "punchier". My one regret was the omission of Ivor Gurney, poet and composer, whose mind was destroyed by the Great War and was as much its victim, though dying in the 1930s, as those sniper victims.

Drama, as ever, has been better served by performance than by discussion. Radio 3's adaptation of Solzhenitsyn's *Cancer Ward* was solidly crafted by Olwen Wynne, well produced by Alison Hindell and finely acted throughout. On the other hand, the successful playwright David Hare talked about himself in

Coming from the Outside, incidentally sneering at only Oxbridge radicals can, at a Workingmen's audience that had never been to the theatre before, and outlining the simplistic psychology-by-numbers that made *Plenty* a success in America ("they saw it as a metaphor").

He is comfortably bland on unhappiness and being hurt, and scarcely revolutionary in his artistic creed ("I do believe in imagination"). He dislikes Rupert Murdoch's values and the tabloidisation of the broadsheet press. But then the Fourth Estate leaves many people ambiguous. The lady interviewed about her self-supporting eco-friendly community noted that all the journalists wanted to try the compost toilets. "As long as they're well vented they shouldn't smell," she said sagely.

Theatre/Alastair Macaulay

McKellen helps Chekhov take wing

The best Chekhov play is the one that you are watching; or so it seems when it is played well. There is, in fact, much wrong with the West Yorkshire Playhouse new production of *The Seagull* - and this play is one that usually seems the least developed of Chekhov's four masterpieces - and yet the larger Chekhov experience is keenly present in this staging, as well as the specific and heart-catching qualities that make *The Seagull* quite unlike Chekhov's other plays.

There is a particular blend here of raw emotional vulnerability and blind driving selfishness, which Chekhov keeps presenting in

different lights and textures. It is always both wonderful and dismaying. Late in the fourth act, the young and half-crazed Nina - after talking with the greatest pathos, to her old friend Konstantin of her own plight - suddenly interrupts him as he in turn starts to tell her of his equally unhappy life, interrupts him because the noises made by the characters offstage have become more important to her than what he has to say. Her own outpouring has

been the most desolate expression of affliction in the whole play, he is her one true friend, and yet now she too brushes aside a fellow-sufferer in the course of her own needs.

The director is Jude Kelly, and this *Seagull* launches a repertory season at the West Yorkshire Playhouse (whose artistic director she is) led by the actors Ian McKellen and Claire Higgins. As was to be expected, McKellen and Higgins - playing Dr Dorn and Madame Arkadina - give the greatest

performances here; and it is not hard to find fault in all the other performances assembled around them.

But the play itself continues to cast its spell even when Higgins and McKellen are offstage. The audience are seated on both sides; the actors are close at hand. Tom Stoppard's 1997 translation is used; it is completely fresh. Konstantin and Nina are both played by



First-class performances: Ian McKellen and Claire Higgins

actors with vocal problems: Will Keen's voice is tight and dry, and Claire Blakely's childish, with a near-lisp.

And there are moments in both roles that should count for more. Nonetheless these roles - in which Chekhov's pathos reaches its most extreme - are beautifully alive.

Trigorin is played by Timothy Walker, an actor of rare intelligence and accomplishment but with no kind of sexual attraction, active or passive. Although he and Claire Higgins carry off their most sexual scene with memorably style, neither beforehand nor afterwards can you believe that she or Nina would long for this cerebral man of letters. Otherwise he brings

a telling quality of writerly detachment to the role, and in the final act adds a whole new layer of sophisticated grandeur.

As the unhappy and forthright Masha, Claire Swinburne does a hundred things blatantly wrong - the eyeliner, the gestures, the unfocused relationships, the whole gipsylike persona - but is nonetheless striking, touching, forceful.

Still, the two first-class performances are those given by McKellen and Higgins. As Dr Dorn, McKellen gives simply his best performance in several years. What a wily old fox this actor is: his eye in a split second can show the audience his understanding of a whole relationship, his timing can create a haunting change of mood with a mere pause or change of tempo.

Dr Dorn's tender appreciation of Konstantin's talent, his sardonic observation of the larger situation ("There's so much love about... it's that lake"), his ageing charm as a ladies' man, his no-nonsense debunking of Sorin's fear of dying: these and other facets come to life more fully with him than I have ever known. Higgins, as Arkadina, is gloriously selfish and almost constantly funny, even when winding a bandage around her son's wounded head. She manipulates the reluctant Trigorin to perfection, praising his literary genius

as part of a massive seduction onslaught on him. They climax with quick sex under the table, and she emerges breathless but

grimly successful. "Got him!" She needed to score that victory, and she has. She embodies Chekhov's amalgam of absurd egotism and desperate neediness at its ripest.

'The Seagull', Courtyard Theatre, West Yorkshire Playhouse, Leeds. Until December 5.

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SPORT

Sporting Profile

Low-level route to the top

Ronaldo da Costa, the Brazilian marathon runner, is in world-beating form, warns Pat Butcher

When Tegla Loroupe set a new world best time for the women's marathon last April, it was generally accepted it would not be long before one of her Kenyan compatriots broke the 10-year-old men's best of Ethiopian Belayneh Dinsamo.

To be sure, there was the fancied outsider, such as Khalid Khannouchi, the US-based Moroccan, threatening to better his superlative debut (fourth fastest of all time) in Chicago last year. But there are so many superb Kenyans and, as it turned out, Khannouchi fell foul of yet another one in this year's Chicago race. On his own marathon debut, Orosoro relegated Khannouchi to second a month ago, and clocked two hours, six minutes and 54 seconds, just four seconds outside Dinsamo's time.

But, close as he was, Orosoro was a couple of weeks too late. For, on September 20 in Berlin, the little-known Ronaldo da Costa of Brazil had taken all of 45 seconds off Dinsamo's time, with 2:06:05.

In pushing him to do so - da Costa had wanted to run elsewhere - his coach Carlos Alberto Cavalcete revealed a training strategy which owes nothing to altitude preparation, supposedly one of the biggest reasons for African, notably Kenyan, domination of the marathon.

This will come as a pleasant surprise to those lowland athletes, who have agonised over the cost in time and finance of training at altitude, while seeing the ever receding backs of Kenyans finishing in front of them.

Da Costa and Cavalcete are intriguing characters. The coach is a former sprinter, who steered Robson Castano da Silva to an Olympic 200 metres bronze

medal in 1984, and then started coaching distance runners "for a change". Some change. Using lots of graduated speed work on the track, allied to distance work on the roads, Cavalcete has built up a training group, four of whom have broken two hours nine minutes for the marathon, a superlative achievement anywhere in the world outside the Great Rift Valley.

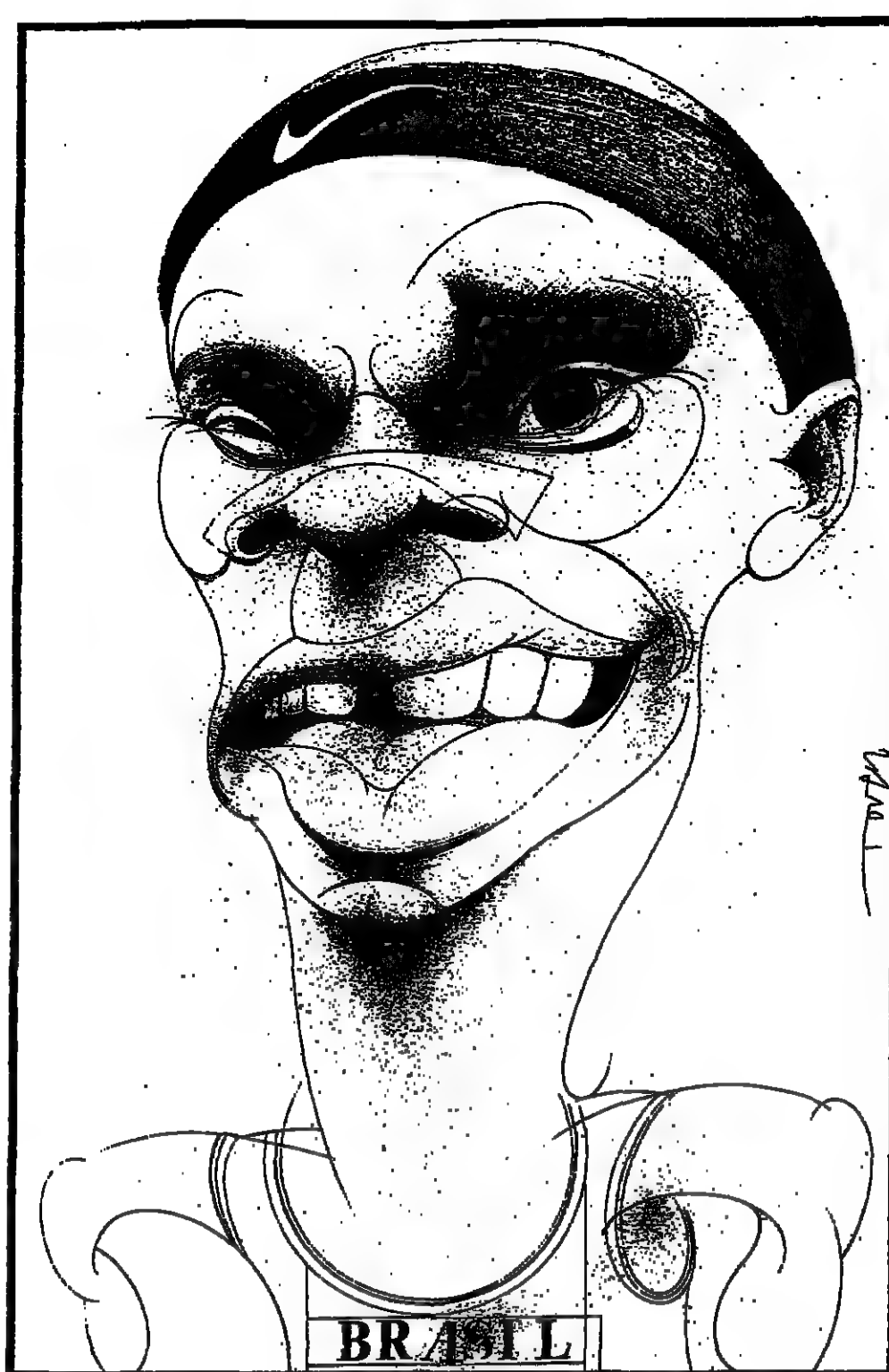
What is more, all this is done at or close to sea level in Rio de Janeiro.

The corollary to this, however, is the recognition by da Costa himself that, with four top-class Brazilians challenging for three Olympic marathon places in Sydney, his ultimate goal of Olympic gold may end at the Brazilian qualifying race in just over a year. But the exuberance he brought to breaking the world best has given the rest of the world's distance runners plenty to chew on.

Not only did he manage a couple of cartwheels immediately after he crossed the finish line, but he turned the following press conference into a possible imitation of a disco dive. Maybe he was thinking of the £1m his manager had promised him shortly after finishing. And who could blame him?

That is going to go a long way back in Minas Gerais province, about two hours' drive north of Rio, where he is breadwinner to an extended family of about 30. Now 26, his athletic career began 10 years ago, when he earned more from an impromptu 10km race in his home town than he did working a week as a bricklayer.

He started training seriously with his twin brother, Romildo, who doubtless wishes he had kept at it now. Ronaldo pays two nephews small amounts to time his runs and provide him with water on hot days. He is known nationally, indeed so well that



the media have named him Ronaldinho, to distinguish him from the footballer, now, in contrast, languishing on the international stage.

Ronaldinho's first comes at a time when the importance of altitude training is being increasingly questioned. Although Dieter Baumann has spent lengthy periods in Kenya since the early 1980s, the German, who was the last non-African winner of an Olympic distance event (5,000 metres in 1982), said recently he

had overestimated the significance of altitude.

John Kagwe of Kenya, who retained his New York marathon title a couple of weeks ago, agrees. He spends six months of the year in the US, at sea level. Following his victory in New York, he said: "I wasn't in shape at all when I came in August, all of my serious preparation has been done in Philadelphia."

Nonetheless, behind Kagwe, five more of the New York top 10 were altitude-trained Kenyans. But the sea-level trained

Brazilians (Vanderlei Lima was sixth in New York) have the perfect recipe in da Costa.

Ronaldinho had few international credentials before Berlin. He had made his debut there the previous year, with a 2:08:07 in fifth place. He was just one of 80 competitors under two hours 10 minutes in 1997.

Now he is all alone, within 40 metres of sub-2:00. More important, he has provided the rest of the world's marathoners with a blueprint to beat the Africans.

Michael Thompson-Noel

Don't book the referee

Managers of professional soccer clubs who try to deflect attention from their players' shortcomings by mauling the referee should be ashamed into silence. That is the view of former international referee Roger Milford, now a referees' assessor for the English Football League, and it is impossible to disagree with him.

What is more, television commentators and newspaper writers who blow raspberries at refs should be made to see how crass they are for repeating, parrot fashion, the whinges of managerial windbags such as Alex Ferguson of Manchester United.

One of the thrills of soccer, especially at the highest level, is that games can be won or lost on refereeing error. Referees make mistakes. But in due course, these mistakes are evened out. It is disingenuous, therefore, for highly paid team managers to talk as though fans do not appreciate this profound yet simple soccer truth.

Take Bryan Robson, the moony manager of English Premiership club Middlesbrough, who described referee Paul Alcock's decisions last weekend as "ridiculous", following Middlesbrough's 3-3 draw at Southampton.

Alcock sent off two of Robson's players, booked three more, refused a penalty appeal by Middlesbrough, failed to dismiss Southampton defender Ken Monkou and allowed Southampton's second goal to stand in spite of a seemingly obvious foul on goalkeeper Marion Beresford.

Robson saw red, scarlet and vermilion. "The referee cost us dearly," he fumed. "It's not just the [two] points we've dropped but the suspensions as well. We have a policy to fine players for dissent but I'll find it hard when there were decisions going against us so blatantly."

However, Roger Milford says managers are being chicken-hearted in attacking referees. Instead, they should behave like men. "The bottom line," says Milford, "is that managers are blaming referees because... they won't categorically blame their players openly."

"They might do it behind closed doors, but not publicly. Bryan Robson didn't mention Robbie Mustoe's sending-off at Southampton for two stupid tackles. That guy brought his team down to 10 men. Is that the referee's fault? It is about time somebody told these managers to

stand up, be men and blame their players for once."

Milford says fewer people are taking up refereeing as a result of criticism by managers. "The referees' associations will tell you people are still taking the course, but not many take up the whistle once they have passed."

□ □ □

It is hard being a tipster, or an authority on betting. There was a nasty letter in the Racing Post this week, bad-mouthing one of its experts. The writer of the letter was fed up with the Post for patting itself on the back.

"You constantly print letters from readers that say they make money from following your tipsters," said the letter, "but I look very hard at statistics and as far as I can see, it's a lie. First of all, your American football column is useless. In fact, one could make a reasonable living betting the opposite of what he advises."

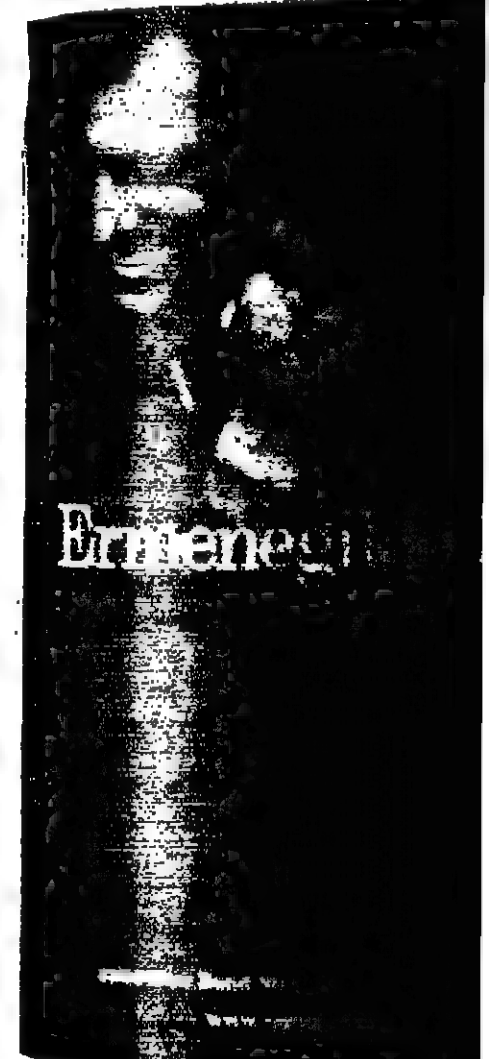
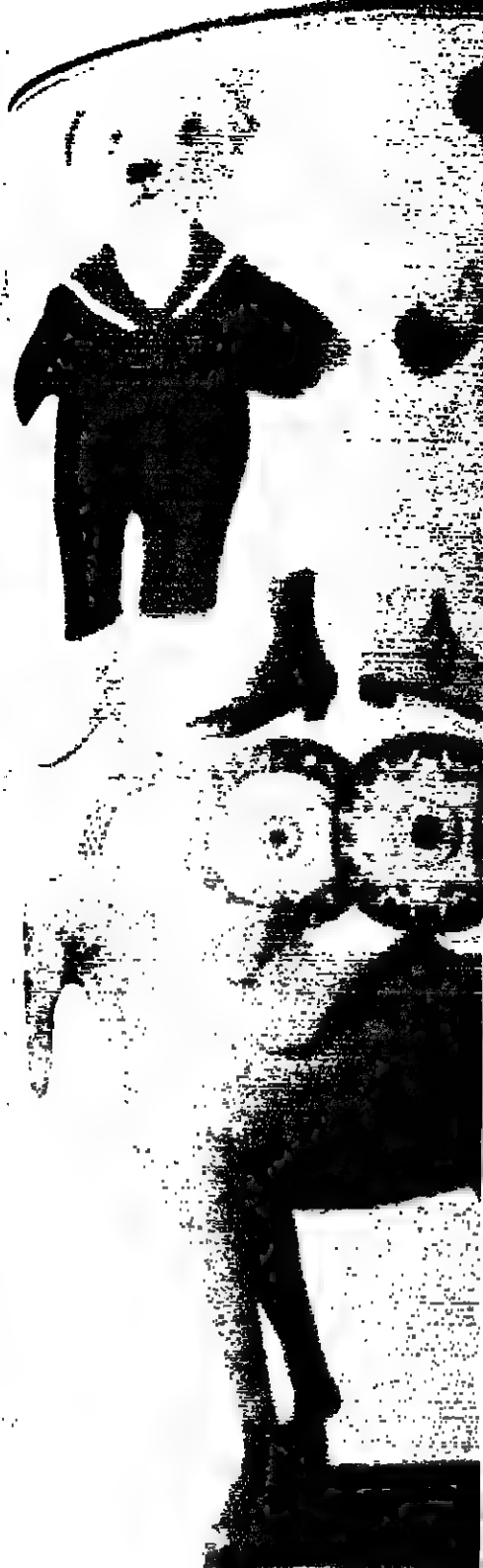
What a horrid letter. It reminded me of a time when, unwisely, I used to describe myself, a tad pompously, as a "successful contra, or neo-contra, bettor", meaning someone who backed outsiders, or near-outsiders, profitably. However, one day, football writer Simon Kuper, who used to work for the FT, introduced me to one of his weird friends as "Michael the contra bettor", meaning he always bets contrary to the outcome of what he's wagering on.

□ □ □

It doesn't pay to get high 'n' happy during American football games. Twenty-one fans were arrested on minor marijuana charges by undercover police during last weekend's game between the Buffalo Bills and New York Jets.

New Jersey police said the crack-down was part of Governor Christie Whitman's "quality of life" anti-drugs campaign. All those arrested were men. They were fingerprinted and photographed, then escorted from Giants Stadium. They are due to appear in court on December 2. Most face up to 30 days in prison and/or a \$1,500 fine if convicted. They could also lose their season tickets.

A similar crackdown during a Falcons-Jets game on October 25 produced 17 arrests. "There had been an increase in illegal drug use, particularly marijuana, especially at half-time," said a snooty



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No one believed me??

Jose (12) - tried to commit suicide, ran away

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Children aren't born bad??

Ian Sparks - Chief Executive, The Children's Society

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2004/FT4

Basketball

Hoop dreams turn into a nightmare

Jurek Martin sees the highest-paid US sportsmen score own goals

By the time this appears in print, the labour dispute that has lapsed at least the first month off the National Basketball Association season may have been settled.

The dispute, and any deal, between the owners, a bunch of short, mostly white millionaires, and the players, very tall and mostly black millionaires, may interest contract lawyers and agents. But it has estranged dangerously contemptuous indifference from the rest of the US.

Staying technical for the moment, a case can be made that justice is on the side of the players. The nub of the dispute is the so-called Larry Bird Exception, now in effect and freely negotiated between the two parties. The owners want this abolished because it costs too much and the players back it because it helps their bargaining power.

Named after the great Bird, a truly exceptional player, it permits a team to enhance the salary of any free agent who has been on its roster for more than three years, regardless of the overall constraints of team salary ceilings.

It enabled Bird, now the coach of the Indiana Pacers, to remain a Boston Celtic throughout his career. It also explains why Michael Jordan, paid \$33m (£20m) last year and worth every red cent, has always been a Chicago Bull and Patrick Ewing (\$18m) a New York Knickerbocker.

That said, however, it is hard, some might say impossible, to recall any party to a dispute that has so consistently undermined its own case like the NBA players' union, both collectively and individually. Public sympathies, sharply divided when baseball went on strike in 1994, appear solidly on the side of the owners.

A lot of this judgment has to do with money, naturally. The average salary of the 345 players in the NBA stood at \$2.6m a year, more than double that of baseball and football. On the other side of the paying fence, a night out for a family of four in decent seats at an NBA arena can exceed \$300, with only a modest intake of hot dogs and drinks.

Yet it is the players who are pleading poverty. "We've got hungry mouths to feed", and we "are fighting for our



The peerless Michael Jordan: will he play again if the season starts?

expensive houses on both coasts, two child support payments to women he had never married and a business which has not actually produced anything. He allowed himself \$10,000 a month in "walking around money" and ran eight cars, none costing less than \$50,000 and on which the annual insurance payments amounted to \$75,000. Things were so tight, he said, he was thinking of selling a car.

More than 200 players then got together for a solidarity session and an exhibition game, to show the public they really cared. But they did not go

to some blighted inner city, where the game's roots now reside, for their gesture. They chose Las Vegas, the home of glitz, where a fool and his money are easily parted.

They paid themselves appearance fees of \$2,000-\$10,000 for shooting a few non-competitive baskets in a small arena in front of a meagre crowd who had forked out \$20-\$100 for a seat. Some stars who had promised to play never showed up.

And those who did speak out hardly made friends and influenced people. Charles Barkley, typically, had his foot in his mouth. "Players want to play, but we're not going to accept a crappy proposal just to get back to the floor or appease the fans." Sir Charles seemed to forget that without fans his income stream might be a trickle.

The players' union had even gone to court to demand that salaries be paid though no games were played, on the grounds that this was an owner lock-out, not a strike. A legal arbitrator rejected this argument, prompting the players to turn their venom on NBC television, which is still paying its multi-billion dollar contract to the NBA and the owners though its screens are showing no basketball (it does have make-up clauses in its agreement).

Lurking in the background is the fact that nobody knows whether Michael Jordan will play again, if the season commences. If "His Airness" departs, then attention will inevitably focus on the less lustrous "poster boys" of basketball, such as Chris Webber and Latrell Sprewell, more notorious for what they do off the court than on it.

In a singularly egregious twist, Sprewell is now suing his agent for not having included a personal conduct clause in his contract. One interpretation of this bizarre case is that if he had such a clause he could have tried to throttle his coach with impunity and would therefore be \$8m better off, which is what he would have earned if not suspended.

What with this, Kenny Anderson's cars, drug use and much more besides, basketball players are shooting not baskets but themselves in the foot. And that is rather sad for a sport which used to be the model which other professional sports tried to emulate.

سكزا من الارامل

How to Spend It



Clockwise from bottom: Tang horse (Ancient Art); tin plates (Waddesdon); shoe cards and teddy bears (V&A); Old Testament pottery (Ancient Art); bronze head, candles and teapot (all British Museum)



Museums by mail

Lucia van der Post leads Christmas shoppers through the reproduction and genuine

Regular readers may have noticed that this year I have broadened the "X" word unwantonly late in the year. I took a view that long lists of mail order catalogues, useful though they used to be, were no longer so essential. These days beguiling invitations to buy by mail fall out of almost every colour supplement, magazine and newspaper and there is less need for comprehensive lists from me.

However, the moment can no longer be put off. Let me draw your attention to the cultured environs of the museum shops, where all manner of diverting, attractive and occasionally useful things can be found.

No exhibition of any note is allowed to happen these days without the marketing boys and girls extracting from the exhibits some retailing advantage.

The Royal Academy of Art, for instance, is enjoying huge popular success with its exhibition of Picasso's ceramics, and those who have been entranced by them can buy all manner of Picasso-inspired cards, books and objects. What Picasso would make of it all is anyone's guess. Certainly many of the cards (in particular, the Mask at just 60p) are attractive as well as being dramatically different from anything else on the market. Card designers seem to be becoming more innovative by the day, and the Victoria & Albert's shoe-shaped versions are also worth a look.

For something more substantial, the Academy has a particularly enchanting Picasso-inspired sugar bowl with a curiously eastern air for just £16.95, as well as matching tea cups and saucers for £14.95 each.

The V & A offers a very mixed bag indeed, which I suppose reflects the mingling of tastes and styles to be found within it. There are rose prints and rose-patterned napkins, plates and mugs of the kind that most of us would not find easy to use, but then there's a glorious replica of a 4th century Indian head of Buddha, which costs just £108.

It has a small but enchanting selection of children's toys (though, I guess Victorian toy alphabet building blocks are more likely to appeal to parents than children), a good collection of pewter (most particularly, a beautiful water pitcher for £105.90) and a host of tapestry kits for those whose lives allow them time for such luxuries.

The British Museum is probably the daddy of the replica business in the UK - many of its most popular pieces have been around for some time (the four "miniaturised" David pieces - the nose, mouth, ear and eye of Michelangelo's *David* - were last Christmas's big hit) and some, such as the blue Egyptian cat and hippopotamus, have become instantly recognisable through their popularity with the replica-buying set.

Every year, however, there are new pieces - and not everything need cost a small fortune. There is, for instance, a boxed set of mellow bamboo-shaped candles, which come in a woven reed tray and cost just £13.95; a Han Xiangzi pottery figure, a replica of a Ming Dynasty version in the museum itself, sells for £175. Another small present for those new to the computer world is a mousemat modelled on the Rosetta Stone for £14.95. For something more masculine, more streamlined, there is a

sleek silver-plated card case for £14.95, and an equally sleek travel shaving and grooming set for £29.95. Not strictly a museum, Waddesdon Manor was built in the late 19th century in the style of a 16th century French chateau by Baron Ferdinand de Rothschild, who was a great collector of the decorative arts and household appurtenances such as ceramics, paintings and furniture.

The National Trust and the present Lord Rothschild have embarked on a serious venture to produce objects from pieces in the house - mostly fine bone china based on Sevres pieces in the collection - but the best bargains have to be the ornate tin plates decorated with Sevres-inspired patterns. At £3.95 a time, they seem a steal. (Oscar de la Renta, it is said, bought 500 for his step-daughter's wedding reception.)

Don't forget the Museum Store whose raison d'être is to cull the museum shops of

the world and sell an edited selection through one of its two stores. If you thought museums were busy, many of the objects in the store will come as a splendid surprise - it has a good selection of such things as Arne Jacobsen's cutlery and sleek watering can designed by Stelton (£34.95), all of which are in the permanent collection at the Museum of Modern Art, New York.

There are also pieces from the Guggenheim Museum, including a very avant-garde mobile and some rather intriguing hand-made paper mache Russian dolls (based on Suprematist art in the museum's collection). From the Museum of Fine Art in Boston there's a replica of a Degas dancer, seeds to help you recreate Monet's garden in Giverny, a radio designed by Philippe Stark from the Pompidou Centre and Chagall-inspired stained glass from the Arts Institute of Chicago.

Finally, for those who dislike the idea of replicas altogether, consider Ancient Art which, so its catalogue states, sells only that which is "authentic, nothing is fake, imitation or reproduction", and comes with a Certificate of Authenticity. Clearly, questions of the objects' provenance have frequently been asked. The answer is that they are bought from old collections (some from Lord McAlpine of West Green, and the Hon Robert Erskine), as well as the Normanby Hoard and the Killingsholme Treasure.

Apparently, there are already hundreds of thousands of domestic antiquities in circulation and museum basements are choked with material. I find much of what is on offer utterly irresistible since I have a penchant for strange pieces of exotic textiles (ready-framed 580), dinosaur eggs (£325), old testament pottery (from 240), peculiar bits of papyrus with strange cuneiform scripts and Tang horseman

(£685). If you share these tastes, then Ancient Art is the catalogue for you.

ADDRESSES:
■ Ancient Art, No 85 The Vale, Southgate, London N14 6AT. Tel: 0181 632 1500.
■ The British Museum Company, 7 Station Approach, Blackwater, Camberley, Surrey GU17 9PD. Telephone order line is 01276-606088.
■ The Museum Store, 37 The Market, Covent Garden, London WC2E 8 RF and 44/5a Perrins Court, Hampstead. To order by mail, phone 0171 340 5780.
■ The National Gallery, Trafalgar Square, London W1.
■ The Royal Academy of Arts, Piccadilly, London W1. Tel: 0800-634 6341 for mail order.
■ V & A Enterprises Ltd, Marlborough Road, Aldbourne, Marlborough, Wiltshire SN8 2EP. To order by phone 01672-542282.
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How to Spend It



Fashion

Lightening the autumn gloom

Feeling down at heel? Then try out the latest shoes (flat) and bags (square-cut), says Avril Groom

Fashion badly needs a touch of levity. Sombre designs influenced by economic apprehension have turned stores into a sad monochrome parade and women into a bunch of monastically inclined soberers. A youthful waif swaddled in grey felted wool and chunky sweaters may have a wishful appeal but there are many women - myself included - who do not care if we never see another charcoal suit or long blanket skirt.

No wonder the retail figures are bad - on a rainy autumn Saturday, rails of clothes exactly the same colour as the weather outside do not entice the already cautious to part with their

cash. Even the arrival of Christmas party clothes has done little to brighten the outlook - there is rich velvet and beading aplenty, but it is in perversely dark colours.

The prognosis for spring is very different. There is no mass outbreak of bright colour, except for the clear Riviera shades loved by some of the Milanese designers, but the neutrals are light and airy - white, cream, honey, mist, pearl, and black mainly as an adjunct to white. Colour comes, assertively, from accessories and, even more happily, the eagle-eyed can find similar items in the shops now which should lighten the winter gloom and still be in tune come spring.

So often it is accessories,

rather than clothes, which define the mood of a season. They are the styling shorthand which emphasise a designer's intentions from the catwalk. It is also less painful, financially and emotionally, to buy new shoes and a bag rather than a revolutionary outfit.

When commercial success is uncertain, designers play safe and next spring will be no exception. Fashion still divides broadly between modern urban sportswear, though newly sleek and well groomed, and a nostalgic folkiness, this time with a Victorian bias. With no radical new look to worry about, you can use accessories to freshen up your wardrobe.

The biggest shock of the spring collections came from

the realisation that shoes are going to be flatter than a pancake. The prospect is not all bad. When even glamour-loving designers such as Lacroix and Valentino show only flaties it has to be serious - everyone will be cut down to size.

By next summer, wearing stilettoes in fashion circles will be a serious lapse of taste. What is more, the new flat is often deliciously pretty. From Alberta Ferretti's long-toed beaded slippers to Chanel's newly pointed cap-toe pump, pale and with a sliver of see-through sole, the fashion crowd could not wait to get into them.

The good news is they do not have to. Paul Smith's beaded or embroidered, satin or mesh Chinese slippers

would put dancing feet under the sternest blanket skirt, while French Sole's classic ballet pumps have broken into pretty braid-trimmed pastel satin, Chinese brocade, hand-painted velvet or crewel embroidery on felt, from £46 to £65 (164 Munster Road, London SW6, or call 0171-738 4780 for a mail order catalogue).

The only thing these styles lack is the long toe, but this features on the elegant, low-cut black pump which is becoming the season's high-fashion signature.

From Marc Jacobs' delicately scooped-out version (£180 at Browns, South Molton Street, W1) and Louis Vuitton's minimalist pump to Jimmy Choo's fine-strapped Mary Jane (£215, 30 Motcomb Street, SW1) and Kurt Geiger's good-value, elastic-strapped winkie-picker (£99 from Liberty, Harrods and Selfridges), this is a welcome reminder that flat shoes are comfortable.

For those who cannot live without a little bit of heel, spring will bring two absolute crackers - Dolce & Gabbana's vivid metallic, hologram-printed kitten-heel winkie-picker and Gucci's beaded slingback with a small set-back heel, in sun-bright colours. Nothing so jolly exists yet, but L.K. Bennett's red plush velvet mule has the right toe and heel and a Christmas party look (£69.99, Brook Street, London W1, Long Acre, WC2 and King's Road, London, SW3).

The soft blouson or Harrington jacket which, courtesy of Helmut Lang and Marc Jacobs, defines urban chic more accurately than a suit, needs a new bag. Neither a short-strapped structured bag nor last summer's girly thrift-shop styles look remotely right. But to achieve understated but casual sophistication you need more than a sloppy old shoulder bag.

Miuuccia Prada's new Sports range of zipped bags slung round the waist and rucksacks will be hugely influential, but for a more grown-up look the solution is the new square-cut bag, worn flat-flapped and slung sideways across the body, cycle courier-style, for the streetwise, and flat, plain and sleek for the rest of us.

The side-slung bag stretched across the catwalks from MaxMara to Ann Demeulemeester, yet Bill Amberg's flat-flapped poacher's bag is a long-standing classic. It takes on a new lease of life if you wear the strap diagonally - £160 in camel or brown suede, £190 in black or brown leather (10 Chepstow Road, W11). Sharp-eyed fashionistas in Milan were snapping up Gucci's shiny, pure black bag with its long strap in revival-chic red and green webbing and tempting fate and the light-fingered by pushing it out of sight round their backs.

Anticipate the pretty colours of spring with Tanner Krolle's flat fuchsia pink bag with its delicate geometric cut-out edging and apricot silk lining (available in January) or a tiny shoulder-pouch in Louis Vuitton's new pastel blue embossed monogram, direct forerunner of the much-photographed waist-belt pouch from the spring collection.

Now that the waist is back where it belongs, there is new emphasis on belts. Vuitton's waist pouch was matched for spring by Loewe's slinky crocodile belts, slipping in and out of wide loops on Narciso Rodriguez's slim, urban-chic skirts. The collection includes a wider but equally understated version with a minimalist hidden clasp, in lizard or (to order) ostrich. The hottest sportswear style looks like an airline seatbelt, most covetable in Gucci's red and green webbing version, £90.

By contrast, Victoriana demands an unwelcome corseted waist with a wide belt. However, Martin Margiela graced his vintage-looking spring jackets with a more forgiving fine-strand of antique-style diamonds - Fenwick has a marginally more shiny two-row one, £48. The sudden surge of Victoriana illustrates how long it can take for an idea to travel from a designer's thought to the mainstream. The inspiration was John Galiano's first, *fin de siècle*-inspired couture collection for Dior nearly two years ago. Since then, his massive pearl or Massé-bead chokers have become virtually a house symbol.

That high neck seems to have inspired for spring a more homely version of Victorian charm, most literally in Veronique Branquinho's square-yoked governess blouses and pin-striped skirts, with a modern twist in black taffeta apron or crinoline skirts over white petticoats at Dries van Noten and Yohji Yamamoto, or with bloomers from Sonja Nuttall.

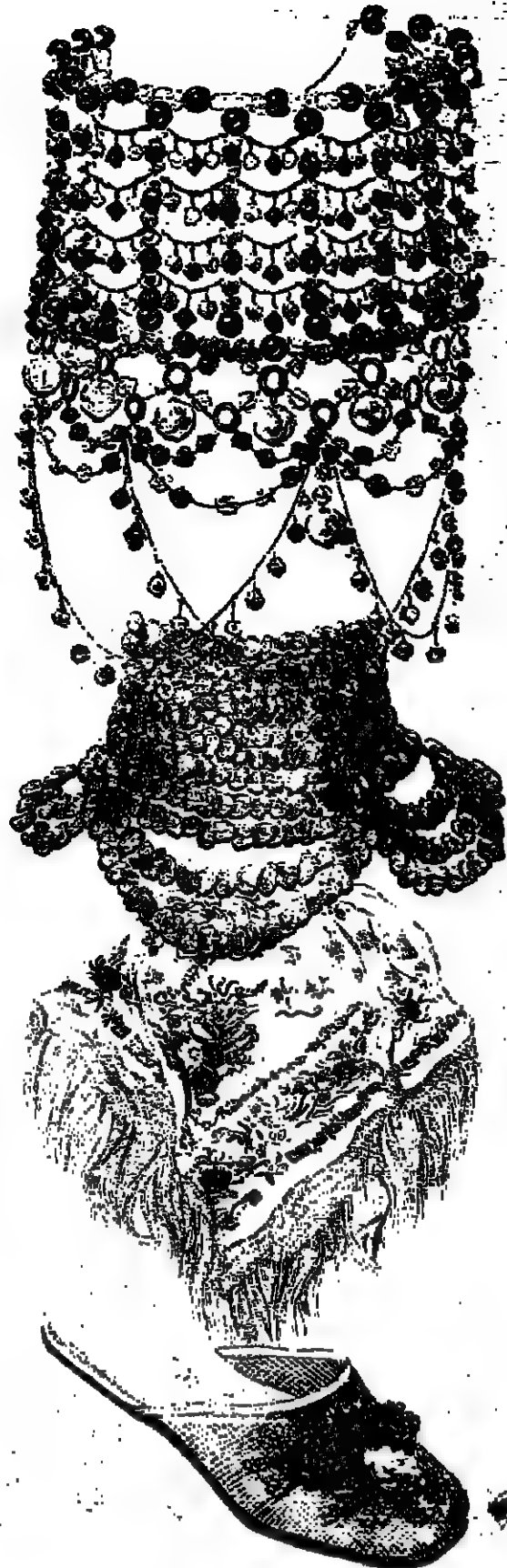
The froth of spring broderie anglaise and embroidered linen stretches from Paul Costelloe to Alexander McQueen, but many are already snapping up original blouses, camisoles and petticoats from sources such as Lunn Antiques (the Covent Garden branch is best for clothing) and Cornucopia, Tachbrook Street, SW1. Sportmax's broderie anglaise-trimmed camisole, £138, could pass for the real thing. This look is so hot that the matching long full skirt has sold out, but a plain three-tiered muslin one is £128 (both from MaxMara, New Bond Street, W1 and Sloane Street, SW1).

An obvious accessory is the shawl, worn traditionally with the point at the back. Van Noten and Branquinho showed wide-mesh black crocheted versions and Fenwick has a black chenille version with mesh panels, £59.

That Dior-style choker also adds a touch of Princess Alexandra to Christmas celebration clothes, from Erickson Beamon's gorgeous garrets to Coleman Douglas's rows of freshwater pearls which separate into a smaller choker and necklace and can also be made to measure (0171-373 3869).

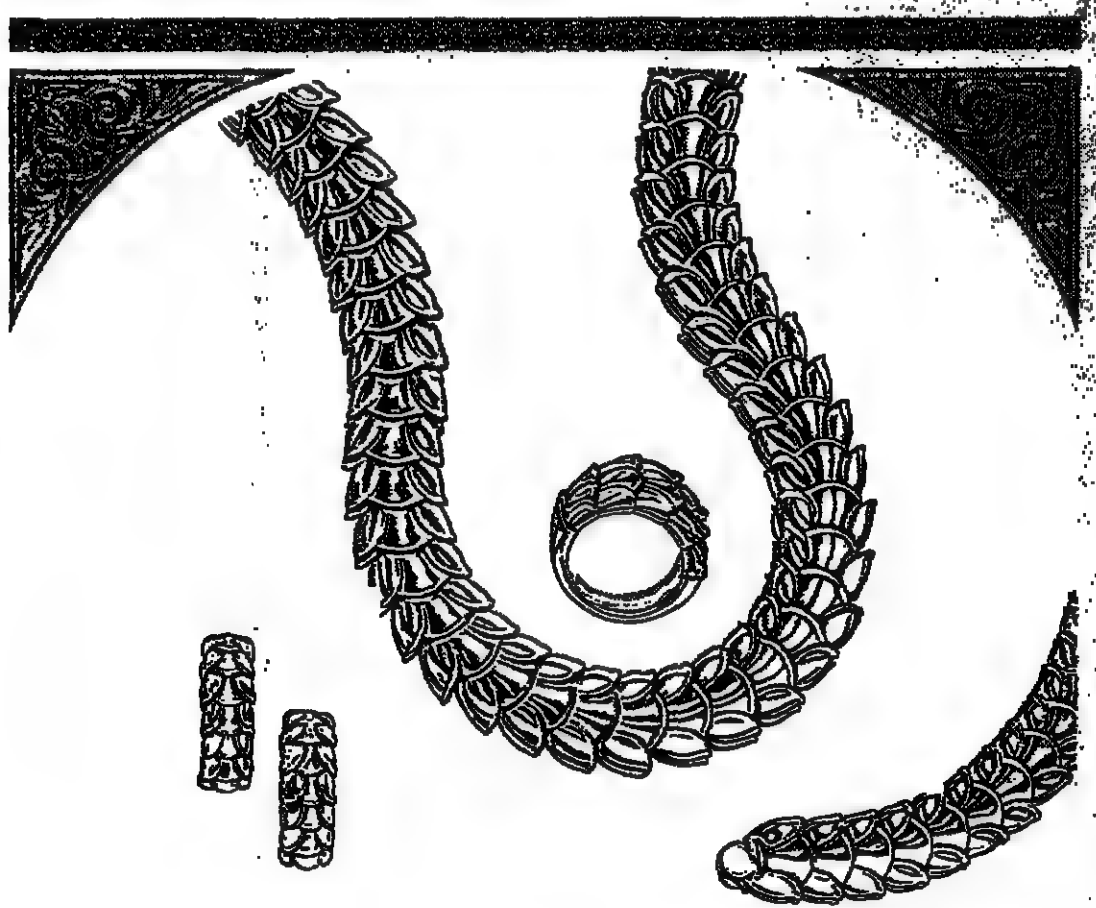
Another slow-burner is Marni's folkloric full skirt, embroidered or in patchwork. It indirectly inspired the mirror-heading that turned up for spring from MaxMara to Gucci and, in modernist form, at Prada.

Dedicated followers of fashion are already beating a path to ethnic and thrift shops in search of Indian originals and mirrored waistcoats.



□ Above, from top: Garnet choker by Erickson Beamon, £490, from Browns, South Molton Street, W1. Burgundy natural pearl choker, £1,700, by Coleman Douglas Pearls, from Harrods, Knightsbridge, SW1. Liberty, Regent Street, W1 and Fortnum & Mason, Piccadilly, SW1. Cream silk 1930s shawl, £425, from Gallery of Antique Costumes and Textiles, Church Street, London NW8. Beaded slippers, £20, from Paul Smith, Westbourne House, Westbourne Park Road, W11. Floral skirt, WC2 and Sloane Avenue, SW3. □ Above left, from left: Black pumps with flat wedge, £200, from Louis Vuitton, New Bond Street, London W1. Fuchsia pink leather bag, £200, from Tanner Krolle, 38 Old Bond Street, W1. In January. Pale blue embossed pouch on tan leather strap, £255, from Louis Vuitton, Black leather bag on striped webbing strap, £230, from Gucci, Old Bond Street, W1 and Sloane Street, SW1. Brown ostrich belt, £200, to order from Loewe, New Bond Street, W1; also in pale grey lizard, £85.

Illustrations: Margaret Sady



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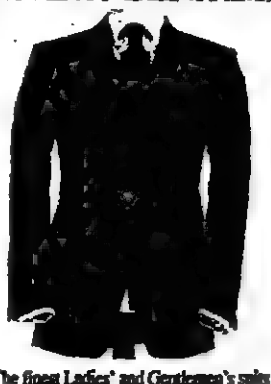
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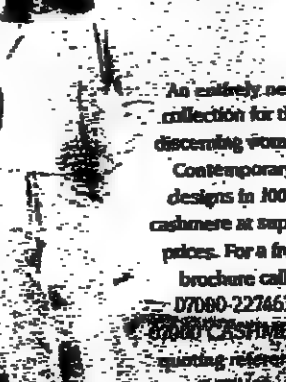
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FOOD AND DRINK

Christmas day is a potential headache for cooks, a hard labour of love when a holiday is what the doctor should have ordered. The holiday element seems particularly elusive if a large clan gathering is planned and the meeting is scheduled for the middle of the day.

No sooner has Father Christmas taken off his beard, weary from stocking delivery, than it is time to don an apron, turn on the oven and start preparing the feast.

Many cooks feel they have had enough turkey to last them a lifetime. It is not so much the bird that gives them the bird (a healthy bronze turkey that has lived and fed well, died swiftly and been properly hung can make very good eating). It is the length of time it takes to cook a big turkey. And the relentless repetitiveness of the long list of extras considered by many families to be essential accompaniments.

Canny cooks will keep the peace and save their sanity by introducing a few gentle innovations each year, tempering the familiar with, say, a lively stuffing, new sauce or vegetable alternative to the ubiquitous Brussels sprouts.

If yours is a cracker and Queen's speech sort of party, restraint may prove wiser than flamboyance. It is probably politic to stick to the usual main course ritual, and get out of the rut by adding a promise instead.

Children rarely fail to delight in bacon rolls and mini sausages or sausage-meat balls on cocktail sticks (button mushrooms, cherry tomatoes and chunks of banana are optional extras). In fact they may eat so many that they will have little or no appetite left for the turkey stuffing (which leaves the cook at liberty to jazz up the stuffing with a fiery little chilli or some other ingredient that youngsters might not appreciate).

While the juniors relish their mini-kebabs, their seniors can indulge in more sophisticated offerings. Caviar served from a mother-of-pearl spoon and licked off the back of the hand is a possibility. But this strikes me as a trick best saved for St Valentine's day or other two-people occasion. *Foie gras* seems better suited to a gregarious party gathering.

Freshly sautéed slices of duck or goose liver, garnished with bitter salad leaves or another sharp contrast, would be my idea of heaven. A home-made ter-



Festive meats: Saddle of venison with chanterelle mushrooms, polenta stars and preserved figs

Cookery

From piglets to peacocks

Philippa Davenport picks some meat and poultry treats for Christmas

rine of *foie gras* would spare the cook the effort of last-minute cooking, while a bought-in terrine, loaf or rouselle of fresh *foie gras* would mean no cooking at all.

The key word when buying *foie gras* is fresh; so superior to canned. I usually buy from Mme Rostang of Gourmet Products of France. The quality is excellent and prices include free delivery within the London postal areas. This company also sells preserved goose and duck products, including jars of duck confit that are my favourite larder standby.

This year it is importing Perigord truffles fresh from the first truffle markets of the

season. Orders for truffles (which will be delivered the first week of December but can be frozen successfully) and orders for Christmas deliveries of raw or freshly cooked *foie gras* need to be placed promptly.

To return to the main course, Christmas need not be synonymous with birds, of course. If your children have had their 21st birthdays but have not yet started to raise their own young, the Christmas feast can afford to be more adventurous.

Some of our friends feasted last year on a menu of oysters, lobster and an ice-cream Christmas pudding heavily studded with

alcoholic fruits, and I accept their claim that it outshone all previous Christmases on grounds of maximum gastronomy and modest kitchen workload.

Many people feel, however, that meat is fundamental. A fine saddle or haunch of venison would make a right royal treat. The pig is traditional at Christmas. Boar's head may not be to modern tastes but a handsome joint of farmed wild boar should appeal.

Tamer yet more spectacular would be sucking pig, the speciality of Pugh's Pigs (tel: 01995-602571; fax 01995-600126), a company whose products I have yet to sample. Or, if the beef bone is lifted, the most suitable celebration might be as large a rib roast as your oven will accommodate: fore-rib or sirloin.

Birds remain a favourite with the majority, however. Is peacock a possibility? It would certainly look magnificent if served in the Elizabethan style, redressed in its plumage after cooking, but I am not so convinced about its edible charms, and I suspect that under that psychedelic swanky tail it boasts little more meat than its cousin, the pheasant.

If peacock harks to the past, ostrich may be the bird of the future. Its feathers lack dazzling colour but only the ostrich can beat it for a soft and stylish spread of plumes, and the flesh is very meaty. Maybe it will be the

bird for Christmas 1999 when we greet the new century. But for this Christmas I suggest sizing down and going up in numbers. Instead of one whopping bird shared between many, my idea is to serve a flock of small birds, two birds apiece in fact. Not four and twenty blackbirds, but ten and six quail (if eight of you are eating) as in the accompanying recipe.

Quail may be small but they are meatier than they look, and they can be plumped up further by removing the bones and packing the hollowed-out interiors with a luscious stuffing. Teesdale Trencherman, an obliging supplier, will bone them for you, then dispatch the neatly prepared little fowl by mail order. This leaves the cook only to add a personalised finishing touch in the form of a choice stuffing.

The Teesdale Trencherman's mail order catalogue is well worth getting and includes other temptations such as raw *foie gras* of duck, fresh rouselle of duck *foie gras*, keta salmon, oysters, and gristlines or morello cherries steeped in kirch. (Orders for Christmas should be placed promptly.)

My preferred stuffing for quail consists of mushrooms and more mushrooms, a few chanterelles to imbue ordinary mushrooms with fuller

flavour, plus a few aromatic spoonfuls of cream of porcini with white truffles to enrich and bind the mixture and heighten the excitement. Two brands of such cream are to be found in discerning delis and grocers. Collesiva Tartuffi was what I used for recipe testing. More often I use La Truffata imported by L'Aquila.

To continue the luxurious theme, I suggest accompanying the little birds with the so-called caviar of grains, wild rice. It is not a true rice but the seed of an aquatic grass, which explains the hay-like smell as it cooks.

The grains look like old-fashioned gramophone needles, are the colour of ebony, have a distinctive smoked tea taste, good bite and bouncy mouth-feel like top quality egg pasta. I recommend Canadian wild rice, if you can find it. American, which tends to be farmed wild rice, is more widely available, stocked, for example, by supermarket chain Waitrose.

Green beans from Kenya probably make the best vegetable accompaniment. A fine oyster sauce goes well with all these foods, and provides the crowning glory for a splendid dish. Splendid yet not very onerous. The stuffing must be made ahead, and the sauce can be.

Best news for those in need of a Christmas holiday lie-in is that quail need only a brief time in the oven.

Quail with wild mushrooms, oysters and wild rice

This recipe will serve eight people

For the quail:
Sixteen boned-out quail (leg bones left in)
350g-400g wild rice
350g-400g flat field mushrooms or chestnut mushrooms
40g dried chanterelles
3 tablespoons Collesiva Tartuffi, L'Aquila La Truffata or similar porcini and white truffle cream
35g unsalted butter
1 finely chopped garlic clove
the leaves stripped from a small bunch of lemon thyme
3 tablespoons chopped parsley.

For the oysters:
2 dozen fine fat oysters (natives would be wasted here)
300 ml fishy liquid (the liquor strained from the oysters plus fish stock)
300ml milk; 150ml double or whipping cream
30g unsalted butter; 25g flour
lemon juice to taste.

Method: Make the stuffing first. Soak the chanterelles in 300ml hot water for at least half an hour to soften and swell them. Lift them out of the water, squeeze dry and chop roughly. Retain the soaking liquor, minus any gritty sediment. While the chanterelles soak, chop the fresh mushrooms into thumb-nail-sized pieces.

Melt 10g butter in a large sauté pan and cook the chanterelles gently for 5 minutes. Remove them. Turn the heat right up and add another 10g butter. When the sizzle dies down, sauté the chopped fresh mushrooms for 5-6 minutes. Then pour on the chanterelle soaking liquor. Quickly stir in the garlic, parsley, lemon thyme and another 10g-15g butter. Return the chanterelles to the pan and bring to a rapid bubble.

Reduce the heat, stir the mixture over the pan and simmer gently, stirring every now and then, for five to six minutes until the fungi are tender. Remove the lid, stir and continue cooking until most of the liquid has evaporated leaving a damp, rather than wet, mixture.

Away from the heat, add the porcini and truffle cream. Stir well to mix and encourage the cream to cling stickily to the fungi. Season with salt and pepper and set aside until cold.

Slip one-fourth of the stuffing into each of the little birds, packing it in with a spoon and fingertip, rounding out their bodies prettily. Paint the skin with a modicum of melted butter and sit the quail side by side in a lightly buttered roasting pan. Cover tightly and refrigerate until required, but remember to bring the quail back to room temperature before putting them into the oven.

To cook the flock of stuffed quail, slip them into an oven heated to 225°C (425°F) gas mark 7 and leave for 5 minutes. Reduce oven temperature to 200°C (400°F) gas mark 6 and cook for 20 minutes more. Finally cook them at 190°C (375°F) gas mark 5 for 30 minutes. Once cooked they can be kept hot in a low oven for 15-20 minutes before serving, when I like to display them on a meat plate with any juices excluded in cooking poured over them. Hand round the rice and sauce separately.

For the rice (which is best boiled while the birds are in the oven), pour the measured grains in a steady stream into a large pan of fast boiling water. Stir and bring back to the boil. Cover and simmer until cooked to your liking. The packet may suggest 45-50 minutes. I find 30 minutes nearer the mark.

To make the sauce, first shuck the oysters and separate liquor from pearly-grey flesh. Melt the butter, stir in the flour, pour on the liquor and bring to the boil stirring continuously. Reduce the heat to minimum and simmer, stirring occasionally, for about 20 minutes until rich and reduced to the consistency of cream. Season with pepper, salt if needs be, lemon juice, and maybe a pinch of cayenne.

Shortly before serving, chop the oyster meat and stir it into the simmering sauce. Simmer for a couple of minutes only, then cover and leave by the side of the stove for 5 minutes or so until the oyster flesh is set firm but not rubbery and hot through. Serve in a warmed sauceboat. (Alternatively, make the sauce in advance, cool it quickly, cover and chill. Then reheat gently but thoroughly in a double-boiler.)

Christmas meat suppliers

■ Gourmet Foods of France. Free deliveries to London postal areas only. Closing date for Perigord truffles and Christmas *foie gras* (raw and freshly cooked) is November 22. Confit and other preserved products are available all year round. Tel: 0181-788 8908, fax: 0181-788 2732.

■ Teesdale Trencherman. National year-round mail order service offering a catalogue of fine foods, including boned-out quail and raw and freshly cooked *foie gras*. Tel: 01833-636370. Fax: 01833 631218. E-mail: orders@teesdale.co.uk

■ For the name, address and telephone number of your nearest stockist of L'Aquila's La Truffata (porcini and white truffle cream) call the importers on 0171-837 5555; fax: 0171-278 0308.

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Chardonnay
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Robert Graham enjoy

As if to
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senses the
eighth course
is so exquisite
it takes
the breath
away

FOOD AND DRINK

Wine

Chardonnay comes out of the closet

There has been a heartening increase in well-made versions of this popular drink, says Jancis Robinson

One of Britain's most celebrated wine writers, Jancis Robinson, has been overheard in Oddhams, the UK wine merchant, asking for a suitable white to serve to some guests. "Not Chardonnay," he added dolefully. "They're wine experts."

I keep on meeting people who think I don't like Chardonnay - presumably because I made a television programme a few years back in which I expressed distaste for the bland, semi-sweet pap that was then being peddled under that name.

In fact I am as susceptible to the charms of a seriously good Chardonnay as the next person (witness previous raves in this newspaper over such disparate examples as Haute Provence 1996 from South Africa - still holding up well - and a 1996 Greek rendition from Antonopoulos).

The last few years have seen a heartening increase in the proportion of this popular wine, whether labelled Chardonnay or one of Burgundy's geographically named archetypes. Over-blown oak is to a large

extent a thing of the past, as is excessive alcohol and walloping sugar levels.

Not that the blockbusters of yesteryear have disappeared; they, like the many different styles of Chardonnay to emerge over the past few years, have merely been corralled into a specialist category rather than continuing to represent the norm. Geoff Merrill's 1996 (\$5.99 Safeway), for instance, is a spirited example of full-throated, uninhibited Chardonnay. Indeed, Australia probably still produces the lion's share of this style, even if such classics as Rosemount's Show Reserve have been shedding weight recently. (The 1996 was glorious, 1997 almost too skinny.)

My favourite Australian Chardonnay source at the moment is the cooler vineyards of Western Australia. Wines such as Cape Vale Frederick 1996 is a thoroughly confident example, even if it does taste eerily reminiscent of lemon Strepils and toast. At \$12.99 (\$11.99 if six bottles of Australian wine are bought) at Majestic, it is certainly much more interesting than the run-of-the-mill brands, and

boasts a relatively elegant texture for an Australian Chardonnay. Majestic Bay 1997 (\$7.99 Fullers) is much less concentrated but has the same delightfully natural racy acidity that defines true white burgundy.

Traditional, reticent but

There was concentration without blowsiness, subtlety without angularity and length'

Domaine Marguerite Carillon of Meursault, which sounds intriguing. It certainly boasts more of the wet stones of Chablis than one would expect at the price, but the claim on the back label that "the wine will develop great depth and complexity if aged in a cool cellar for up to four years" is enough to shake one's faith in the firm's buyers.

Better value is Macon Davayre Deux Roches 1997 (\$5.99 Fullers and Oddhams) which is delicate, smells slightly sulphurous next to most Chilean Chardonnays, but dances instead of dragging its feet. The St Veran at an extra pound offers more concentration and staying power, proving that the Domaine des Deux Roches continues to offer some of Burgundy's most dependable bargains.

Jaffelin's Ausay Doremas 1996 (\$8.99 Majestic) is another good buy - absolutely true to the vintage and a fine first course wine for this or next year.

Burgundian perfection is always elusive but I experienced it the other night, unusually in a meagrum of a



1991: a Ramonet Montrachet. There was concentration without blowsiness, subtlety without angularity, and great, great length of flavour.

One of my personal favourite styles of Chardonnay is the sleek, golden, rich yet contained style I would describe as Californian, even if not all examples actually come from that state nowadays. Those made in Argentina by Paul Hobbs for the Catena stable, for example, taste thoroughly Californian to me. His Alamos Ridge 1996 (\$4.99 Bibendum, Fullers and Safeway) is a great buy with its powerful, sophisticated nose, even if it does fall off a bit towards the end of the palate. Enjoy this relatively simple wine until next year when its more sophisticated, denser stablemate Catena 1996 (\$7.99, same stockists plus The Wine Society) will start to show its creamy vanilla toast best.

South Africa has even been offering a Californian-style Chardonnay in Vergelegen Reserve 1996 (in larger Tesco's), but Safeway can offer a current bargain which does actually come from the right part of the world: Ironstone Vineyards 1997 at \$5.99 (see various burgundian winemaking techniques and has good

Blow-fish with bubbles

Robert Graham enjoys a feast for all the senses

Purist gourmets find champagne an uneasy partner for all the courses of a dinner. But Richard Geoffroy enjoys a certain licence in the dispensing of champagne. As chef de cave (chief vintner) at Dom Pérignon, pride of the Moët et Chandon stable, he has one of the great champagnes at his disposal. He can also exploit Moët's famous guest house of Chateau de Sarum with its long tradition of culinary excellence.

This autumn he has been conducting his most daring foodie experiment: testing Dom Pérignon on Japanese haute cuisine, selecting the four centuries-old traditions of Kaiseki from Kyoto. Kaiseki is so called after the practice of the monks who placed hot stones on their chests to ward off cold and hunger during meditation. The cuisine changes strictly according to the seasons and aims to stimulate all the senses in a Zen experience.

For the occasion, chef Yoshihiro Murata was flown in with three assistants, four serving girls, his own serving platters and 150 ingredients - all from Kikunoi, his Kyoto restaurant. The theme of the menu was autumn and, on each evening for a week, different groups of 12 people sat down to a similar 11-course dinner.

I knew the menu in advance, but Geoffroy's sensuous erudition was essential to explain the intricacies of each dish. In retrospect this seemed half the secret of the evening's success.

Usually one waits to eat not in contemplation of the food and its decoration but out of politeness towards the host. But at Chateau de Sarum, the description of food before serving, and the elaboration on aspects of taste and preparation once served - but before eating - heightened the appreciation. The first lesson of Kaiseki refinement was, therefore, think and look before you eat.

We were really cheating, sitting on chairs eating off a long European dining table instead of being cross-legged on the floor with our shoes off. But this was a cross-cultural occasion and we were being offered a fine, light yellow Dom Pérignon 1995 which fizzed excitedly before settling in the flute.

As an introduction, chef Murata offered an exceptionally rare seasonal delicacy - matsutake mushrooms. These had lain as decorations on the table and were ceremoniously placed on two large clay stoves brimming with pine charcoal. They were served lightly braised with their long stems intact, and were eaten without chopsticks - a condiment of sudachi - a condiment of squeezed Japanese lime with salt. The head of the mushroom has a spongy texture which absorbs the liquor.

The salt and acid opens

the taste buds," Geoffroy intones religiously. We agree.

Already I am thinking ahead to broiled *yuzu* - the poisonous Japanese blowfish. But first there was what Geoffroy calls a "bridge". Served in an exquisite bundle was a taster of monkfish liver, dressed in water plant, accompanied by some parboiled *ginko* and pine nuts, algae chips and a special cube of duck's liver. "An aquatic touch: algae puts the tongue in the sea," I note.

As the *yuzu* arrived in silence one could hear the unspoken worry: "Has chef Murata really extracted all the poison from the blowfish?" Small portions of flesh off the cheek-bone have been cooked in sesame oil. The flesh has a slight glutinous quality; but before flavour can be identified the whole mouth tingles faintly. The lips quiver. As the fish taste recedes, there's a lingering warm prickle.

The champagne is now playing a symphonic role.

As if to reawaken our senses the eighth course is so exquisite it takes the breath away

my host assures, helping to orchestrate the movement of gastronomic sensations. To step back into reality, we are served a raw cube of tuna belly, marinated in soy sauce, balanced by dried and salted mullet wrapped in kelp.

Gradually one is realising the great divide between a French and Japanese chef. The Japanese insists on the flavour of each ingredient being identified and accentuated, which thus places enormous emphasis on preparation. The decoration of Kaiseki dishes is also full of symbolism (a twist of red and white is good luck). The French, on the other hand, appeal to taste by combining flavours in much larger dishes. They also rely heavily on the process of cooking, especially the oven. However, the champagne, so smooth without being bland, is a natural bridge between the culinary cultures.

Pause for digestion. Here French cuisine would throw in a light sorbet. But chef Murata offers a little paste ball stuffed with *foie gras* that slowly dissolves in a bowl of truffe sauce. This is not as rich as it sounds yet I am not so sure it works. Such doubts provide an excellent excuse to down more Dom Pérignon.

Dish number six is described ominously by Geoffroy as more challeng-

ing. It looks innocent enough; but as I remove the baked salt crust lid on a Japanese abalone shell, his warning becomes self-evident. Thin slices of abalone have been cooked inside the shell with algae and pink sea urchin centres. The dark green algae are not for eating - as some realise to their cost - but to inject a bitter flavour to contrast with the rich sweetness of sea urchins.

"Challenging indeed!" I note. But the abalone has been deliberately served in a progression of tastes which has now brought us, as it were, to the top of the ladder, and from now on we will gradually descend. The descent is so gentle I next recall the marvellous smell of sesame vinegar and nearly dropping a slice of mackerel sushi. "We are doing well," Geoffroy assures.

As if to reawaken our senses the eighth course is so exquisitely presented it takes the breath away. It consists of a little dish whose centre is occupied by a rolled wafer of pine wood, clipped in place by pine needles. At either end the rolled wood has been freshly burned leaving a smoky aroma. This mysterious package unfolds - and, voila, a turf-and-surf combination of barracuda and quail.

Kaiseki evolved from a tea ceremony and until recently avoided the use of meat. Chef Murata's deference to meat is minimalist as soft baked barracuda offsets the harder quail flesh, seasoned with *sansho* pepper.

Without prior warning, Geoffroy announces a change of regime with the champagne. He switches to a Dom Pérignon 1986, to provide "a little stimulant". The body is fuller and the bubbles livelier... or is this just an illusion?

We have now reached the stage of a little digestive sticky rice, which is served with a dollop of Beluga caviar. The rice is so warm that the caviar almost melts, so heightening the sensual odour of Beluga eggs. I find this taste odd at this stage of the dinner, since I associate caviar with appetisers.

Yet these doubts are immediately answered by the 10th, and penultimate, dish, which is half a Japanese persimmon with a salty condiment. The persimmon was soft but not overripe; and the accompanying salt gave a superb tart flavour which acquired an extra frisson with the champagne.

The symphony of taste worked so well that the last thing one would want is a theatrical French dessert. Thus it is with relief I greet a modest biscuit, the substance of which escapes me. But, as the evening belongs to Dom Pérignon, there is an after-dinner offering. Three magnums of the 1989 vintage are opened and tasted by Geoffroy before the

best-drinking bottle is selected.

Savouring this is a reminder that France still has one or two world-beaters. But you would have to be very lucky to find such Dom Pérignon and very wealthy to afford it.

For details of special Dom Pérignon champagnes tel: +33 1 41 09 09 00.

■ Chef Yoshihiro Murata's restaurant, Kikunoi, is at Makunagabara 458, Maruyama, Higashiyama-Ku, Kyoto. Tel: +81 755610015.

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Margaux	Giscourt	Pauillac	Colombier-Monpelet	Haut-Médoc	Sociando-Mallet	Saint-Émilion	La Gaffelière
Margaux	Labégorce	Pauillac	Pibran	Haut-Médoc	Villanque	Saint-Émilion	L'Arosée
Margaux	La Tour de Mons	Pauillac	Les Forts de Latour	Haut-Médoc	La Demeille de Sociando-Mallet	Saint-Émilion	Soutard
Margaux	Pavillon Rouge	Pauillac	Carruades de Latour	Haut-Médoc	L'Ermitage de Chasse-Spleen	Saint-Émilion	Troping Mondot
Margaux	Blason d'Issan	Pauillac	Les Tourneilles de Longueville	Haut-Médoc	Louenne	Saint-Émilion	Faugères
Margaux		Pauillac	Haut-Bages Averous	Haut-Médoc	Chasse-Spleen	Saint-Émilion	Grand Corbin Despagne
Margaux		Pauillac	Saint-Estèphe	Haut-Médoc	Poujeaux	Saint-Émilion	La Petit Cheval
Margaux		Pauillac	Cos d'Estournel	Haut-Médoc	Fonréud	Saint-Émilion	Clos Canon
Margaux		Pauillac	Montrose	Haut-Médoc	Mayne-Lalande	Saint-Émilion	Virginie de Valandraud
Margaux		Pauillac	Calon-Ségur	Haut-Médoc		Saint-Émilion	Graves Pessac-Léognan, red
Margaux		Pauillac	Haut-Marbuzet	Haut-Médoc		Saint-Émilion	Haut-Brion
Margaux		Pauillac	Les Ormes de Pez	Haut-Médoc		Saint-Émilion	La Mission Haut-Brion
Margaux		Pauillac	Phélan Ségur	Haut-Médoc		Saint-Émilion	Carbonnieux
Margaux		Pauillac	Bel Air	Haut-Médoc		Saint-Émilion	Domaine de Chevalier
Margaux		Pauillac	La Dame de Montrose	Haut-Médoc		Saint-Émilion	Fieuzal
Margaux		Pauillac	Marquis de Calon	Haut-Médoc		Saint-Émilion	Haut-Bailly
Margaux		Pauillac		Haut-Médoc		Saint-Émilion	Latour-Martillac
Margaux		Pauillac		Haut-Médoc		Saint-Émilion	Smith Haut Lafitte
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PROPERTY

Double or quits for unlucky investors

Buyers unable to let their investment property face a gamble - should they spend more to make more? Anne Spackman reports

This is a tale of some unlucky investors. The poor creatures will have bought a London property within the past 16 months, paying a higher price than would now be fetched on the open market.

They may well then have struggled to find a tenant at the level of rent they expected, leaving them with costly void periods - when the property is empty - and ultimately, a lower income.

Such investors were the ones caught holding the wrong properties when the London market stopped. But they might find a solution to their problems in the growing business of short lets.



It is something of a double or quits option: you have to spend a little more to get a lot more. However, that may well appeal to the instincts of the many Hong Kong-based investors trapped in this dilemma, providing their finances are not already stretched to the limit.

Most of these properties are small flats in central and eastern parts of town. The City of London is probably home to the highest number of victims. Rents there have fallen from a high of \$400 a week for a one-bedroom flat to £250-£275.

The good news is that the same properties often lend themselves well to short lets. A short let can be anything from seven days to six months, but is usually between four and six weeks. The demand comes primarily from large companies, particularly banks, looking to house staff somewhere convenient for work and cheaper than the equivalent standard in a hotel.

The key criteria, according to George Humphreys of Hamptons' investment department, are the same as

for any letting: small flat, above ground-floor level, near a Tube station, with a reasonable service charge. For short lets it must also be in a good block, with a concierge a major bonus and, crucially, it must be well furnished.

This is where the extra cost comes in. Short-term tenants arrive with just their suitcases. They want pictures, candlesticks, mirrors and books, as well as a bed and a sofa. Humphreys estimates that it costs between \$2,000 and £10,000 to furnish properly a one-bedroom flat, and up to £15,000 for two-bedrooms.

Management fees are also higher. Most companies charge in the range of 15-25 per cent, depending on the level of services, such as cleaning and laundry, to be provided.

The returns are similarly impressive. Short-term lets command a premium of about 40 per cent over average long-term letting rates in the City. The more expensive the area, the smaller the margin: in Kensington, it is likely to be nearer 20 per cent.

John D Wood, which, since its merger with PKL, has become one of the biggest rentals players in London, has expanded strongly in the short lets business. It recently put together the ideal short lets investment package in Fleet Street.

It bought a Berkeley Homes building for an Irish investor, which was finished to his specification. Occupancy rates in the six flats - one two-bedroom and five one-bedrooms - have been over 95 per cent, at weekly rents of £250 for the one-bedroom flats. That is double the rental it would have achieved as standard lettings.

The company recently linked up with ExecuStay, one of the largest firms in this market in the US, with 6,000 properties on its books. Each hopes to use the other to place transatlantic business.

The US is about 10 years ahead of the UK in the development of this market. Some of the organisations renting properties in New York will seek downtown areas such as Battery Park City, TriBeCa or on Wall Street itself, while others insist on being up-town. The same story is told in London, where US bankers still expect to be housed in the west, rather than the east.

Ellen Boland, one of ExecuStay's senior vice-presidents, explains that the big US banks and accountancy firms have "corporate" apartments: the firm takes on the apartment for 12 months and decides who will stay there and for how long, but the apartment is managed by ExecuStay.

Lisa Holden of John D Wood sees the same trend coming to London. "Companies that are unsure about the economic climate would rather have flexibility with their rentals than be tied down long-term," she says.

Traditionally there has been very little supply of short-term accommodation in England, partly because local authorities have seen it as encouraging a down-market, transient population. That is now changing, with both short lets and their more expensive equivalents, serviced apartments, appearing across the capital.

In Birmingham, an entire new housing development in the buoyant city centre is being marketed as short-term accommodation. Knight Frank is offering one- and two-bedroom flats in Ludgate Lofts for a minimum of two weeks, with a twice-weekly cleaning service, parking and concierge service, at prices starting from £1,800 a month.

Developers struggling to sell their properties in London are also exploring short lets as a way to tide them over the present difficult market conditions. Hamptons is investigating whether to set up a specific short lets department to deal both with them and with their large portfolio of individual investors.

Those individuals considering the short lets option need to consult a specialist agency to see if their property would be suitable. Having good, experienced management is even more crucial in short-term than in long-term letting, as there is no time to put problems right later. Both John D Wood and Foxtons are strong in the sector.

Short lets are also a possibility for home-owners going abroad for a few months - particularly if they live in London. Agents say there is a strong demand from overseas visitors looking for non-hotel accommodation in the summer months in particular. John D Wood charges 15 per cent for introducing a tenant and 21 per cent for the full management service.



Dunkirk Manor: with an acre, a history, and a £275,000 price tag



The Captain's House at Chatham: lease for sale

On the Move / Gerald Cadogan Cotswolds' ups and downs

House prices climbed relentlessly in the Cotswolds in the first nine months of 1998, no doubt fuelled by the wealthy Londoners who jam the M4 on Friday night to be ready for house hunting on Saturday morning.



Keepers Cottage, in Kent: 19th century gamekeeper's home

Prices rose more during the first three-quarters of this year than they rose in all of 1997, according to local agent Butler Sherborn. But, the firm predicts, they will be static at best in the last quarter of the year - or may fall by up to 3 per cent.

In the January-September period, cottage prices rose by 16 per cent, as against 9 per cent in the 12 months of 1997; farmhouses and village houses 16 per cent (10 to 11 per cent in 1997); and larger country houses 16.5 per cent (11.5 per cent in 1997).

The cash figures from FPD Savills, comparing south Gloucestershire prices in spring and autumn 1998, tell a similar story. Between spring and autumn, three-bedroom detached cottages rose from a range of £140,000-£200,000 to a new range of £150,000-£225,000; five to six-bedroom farmhouses with between one and five acres from £235,000-£265,000 to £250,000-£280,000; and large country houses from upwards of £700,000.

includes part of the Cotswolds) house prices are considerably higher, but the agent detected no increase between spring and autumn. Cottages cost between £150,000 and £250,000 in north Oxfordshire and from £195,000 to £300,000 in the south of the county; farmhouses and vicarages from £500,000 to about £850,000; and large country houses start at £1m.

Among Cotswold houses on sale is Dunkirk Manor at Amberley, a thoroughly Georgian, listed grade II*, now with seven bedrooms and a two-bedroom flat, it belonged in the early 18th century to the owner of the nearby Dunkirk mill, which turned the wool of Cotswold sheep into baize cloth for soldiers' uniforms and sur-

which lead directly to the train sheds.

The Historic Dockyard Trust is now selling a 125-year lease on the 18th century Captain's House, where the senior naval officer at the dockyard used to live. It was built on to the end of the Officers' Terrace of 12 houses but, not surprisingly, is bigger.

The Captain's House has a walled garden and good front views to the river. The price is £255,000 from Cluttons Daniel Smith in Malden (01822-759000).

Still in Kent, Keepers Cottage at Tilmanstone near Sandwich is a smart three-bedroom, 19th century gamekeeper's cottage with a pronounced front gable, for the Dane Court estate. Listed grade II, it costs £195,000 from GW Finn in Sandwich (01304-612147).

The Old Reading Rooms at Wiveliscombe near Taunton in Somerset are also listed grade II and has a similar front gable to Keepers Cottage.

Built in 1887 as an important addition to local amenities by the Hancock family who were the local brewers, the building used to house the town's reading and billiard rooms and still has an upstairs minstrel's gallery to recall the concerts and jollities. The price is £35,500 from Webbers in Wiveliscombe (01884-824055).

facting billiard tables. The house comes with an acre and is priced at £275,000, from Jackson-Stops in Cirencester (01285-653334) or FPD Savills in Bath (01225-474560).

It is well worth a visit for its hands-on history of the navy and a large collection of grand buildings beside the river Medway. These include the 1,340ft-long rope-works of 1785 with most of its original machinery, and the ship construction sheds

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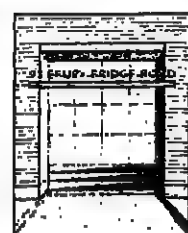
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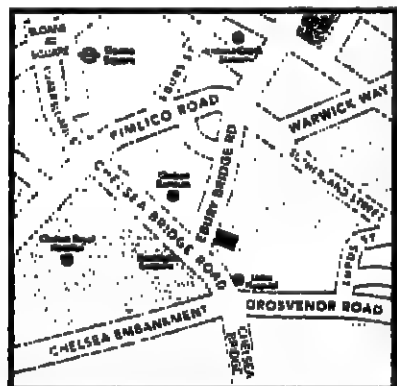
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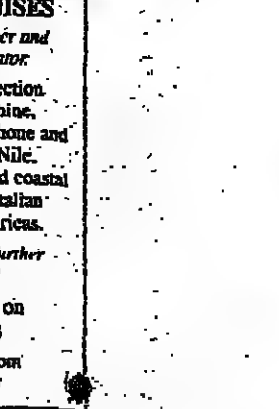
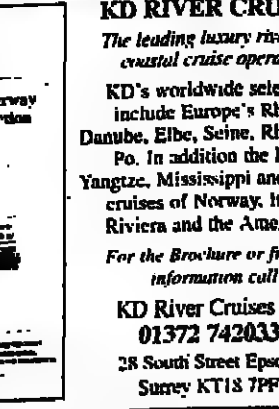
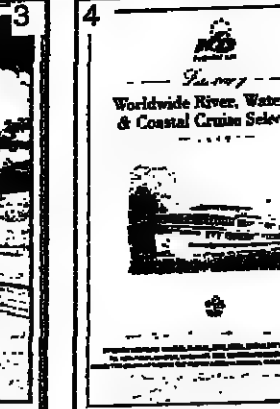
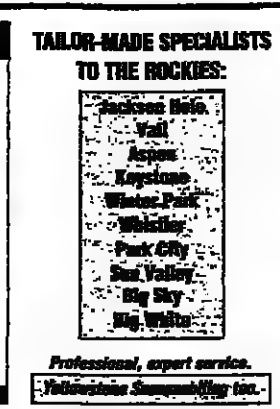
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TRAVEL

I have seen luxury in Paris, Vienna, Madrid and Rome, but the palace hotels of my own home town, London, are relatively uncharted territory. Certainly, I have

With the exception of Paris and Rome, most European capital cities have been profoundly scarred in our destructive century. Madrid was knocked about during the Spanish civil war, and the second world war robbed

For many people Claridge's is the best of the lot. It was founded in 1812 by one James Mivart, and only acquired the name Claridge's when it was bought by a former butler in 1854.

The original hotel took the form of a terrace of early Georgian houses similar to those still to be seen on the other side of Brook Street. The present building, by the same C.W. Stephens

It was always smart, even in Mivart's day. From the middle of the last century onwards, however, it began to be chosen by royal delegations and heads of state before all other hotels. One of the most frequently related stories about Claridge's concerns the caller who asked to speak to the king: "Which one?" was the reply.

Right and fitting then, that I should spend a night in one of the three "royal" suites which sit on top of one another on the corner of Davies and Brook streets. Like the rest of the hotel, these have recently benefited from a \$22m restoration, and a clutch of famous designers was called in to retouch the venerable fabric.

John Stephanides had done little to the vast drawing room - itself probably bigger than my London flat - other than repaint the walls and reupholster the furniture. The room was Edwardian neo-Rococo with a lot of stucco moulding and an ornate marble fireplace. Antiques were strewn here and there: a lovely Rococo clock, two Japanese lacquered cabinets concealed drinks and television, and pride of place was given to Richard D'Oyly Carte's



Claridge's: It has a rarefied, old world air which sets it apart from the brash London world outside

Facelift for a favourite of pensioners and kings

Giles MacDonogh visits Claridge's, home to the smart set for over a century

Broadwood piano, still tolerably in tune.

The Art Deco bathroom with its mosaics and deep, sunken bath were up a couple of steps, round the corner from the huge bedroom. Stephanides' ideas came into their own in two, small anterooms filled with prints and furniture. From his bold colours and neo-classical motifs, I had the impression he had been leafing through the designs of the Prussian architect, Karl Friedrich Schinkel.

As part of the centenary refit, Claridge's has lost its Casuarina, which had been offering its selection of smorgasbord since the old Grill Room was ditched in 1940. It has now been turned into an intimate cocktail bar, something the hotel has sadly lacked in recent

times. We dined downstairs in the famous Art Deco room redecorated by Basil Ionides in the 1930s. Like everything else at Claridge's, it has a rarefied, old world air which sets it apart from the brash London world outside. It is one of the last places in town (its sister hotel, the Savoy is another) to hold dinner dances.

There weren't many takers that Friday night. For most of the evening one old chap and his younger partner ploughed a pretty lonely furrow. They performed a spirited rumba and several daring rocks and rolls.

The rest of the *gaite* were only mobilised when the little band struck up "You make me feel so young". Chairs scraped, bones cracked and the dance floor was filled to capacity with

furtively beatific pensioners.

We were served by Antonio, a waiter who seemed to have been there at least as long as the room itself. To our disappointment he admitted working at Claridge's only since the early 1960s. Again you felt the *douceur* of another age: the menu was ably explained, our first choices parried, some historical menu suggestions aired and rejected, and the orders made.

Neither wild mushroom risotto nor a seafood ravioli was ideal, the former was boiled so soft that it might have been pudding rice. John Williams' cooking is at its best at its most traditional.

Antonio ably filleted a *sole meunière* and, on his own suggestion, brought me a *tourmentin Rossini*, which complemented a bot-

tle of 1885 Nuits Saint Georges, from a wine list partly shared with the Connaught down the road. Best of all, and worth waiting for a full half hour, was a soufflé with wild strawberries and Chantilly cream.

I retired happy to a truly regal bed, slept the sleep of kings. The next morning I had breakfast in my suite, then, rich only in my greater familiarity with the city that bore me, I took the Tube home.

Information: Claridge's, Brook Street, Mayfair, London, W1A 2JQ. Tel: 0171-259 8860. Royal suites from £1,900. Other rooms start at £265, rising to £3,000 for a two-bedroom penthouse. Special Christmas rates and menus available.

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NURSERY SLOPES: Ski Beat is increasing the number of nannies available for clients in Courchevel, La Plagne and Tignes. Five days' nannying, 8.45am-5pm, costs £95 - but it's free around Christmas and from January 9 to February 6. Tel: 01243-780405.

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DEAR DEER: Deer Valley, Utah, is investing \$18m in improvements to its skiing facilities - partly in increasing its skiable terrain by half. The fact that the 2002 Winter Olympics will be there may explain it, but regular skiers can take advantage, too. Call in on www.deervalley.com

BULGARIY: Fancy skiing or snowboarding in Bulgaria? Balkan Holidays will take you to Pamporovo or Borovets from £189. Accommodation is two- to four-star, "starter packs" for beginners available. Brochure tel: 0500-245165.

RUKA ROLL: The old season opened in Finland a week ahead of last year, and though the fields aren't well known, Crystal Ski will get you to Ruka and Pyhä. Snowmobiling, cross-country, reindeer and husky safaris are all available under the Northern Lights. Details from the tourist board: 0171-839 4048 or www.ski.fi

SHORT SKI: Ski Weekend (01367-241636) specialises in tailor-made short European ski breaks for those with limited time away from their desks. For those who want to take their work with them, corporate breaks can handle large or small groups.

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TRAVEL

The Marlin Club on the beach at Lizard Island is not exclusive. It is typically Australian. The millionaire owners of the boats that hunt the big fish in the seas off the Queensland coast mix freely with their deckies; the staff of the close-by Lizard Island Lodge buy drinks for the guests, who are paying more than £200 a night for rustic luxury but who relish the excuse to pour tinnies down their throats for an evening, and swap crayfish for chips.

Also typical of the new caring, sharing Australia is the absence of dead marlin. The gigantic 1,200-pounder suspended from the ceiling is a plastic copy of the original monster. Today, competitors in the great marlin hunt, the biggest tussle between man and fish on the southern seas, are obliged to tag and return the captured marlin to the deep – unless they exceed 1,000lb. Then they can be proudly landed, and brought back to hang on the beach.

The marlin men gather in October for their annual sport. For the rest of the year Lizard is home to countless metre-long lizards; a tribe of marine biologists; and the occupants of the 40 cabins that huddle round the terraced restaurant of the Lodge, the heart of perhaps the most exclusive resort in Australia, exclusive through its size and remoteness as well as its prices.

Life is simple here but scarcely boring. For Lizard is the most northerly of the tiny islands surfing the Great Barrier Reef, the 1,000 miles of coral that make up one of the modern wonders of the natural world. A wonder should drop the jaw and stretch the imagination and that is certainly the impact of the reef on even the most confirmed land-lover.

It is all so easy. Before you can say "snorkel" you are drawn from your villa across the lawn over the beach and into the sea, where markers lead to an outcrop of reef just yards from the shore.

Floating on the surface of the water (you can even keep your feet on the sand), you enter the world that covers most of the globe's surface, the world of inquisitive fish and demure fish, fish of every colour under the sun and under the sea, but principally garish coloured fish – blue, yellow, orange – nibbling, hiding, and slipping in and out of coral that smoulders in pastel shades of pink and blue and yellow, a captivating maritime rainbow. It is a world you think you can ignore until you are part of it. The Great Barrier Reef brings the mysteries of the deep into human life; it is a defining experience.

The coral, and the fish, are close to the surface and close to shore at Lizard, but once you catch the bug you will want to go out to sea for more challenging encounters. One of the attrac-



Ouch, another snorkeler: few fail to be overwhelmed by the wonders and pleasures of a new underwater world

Tony Stone Images

When Barry met Sally on the reef

Antony Thorncroft has some ideas for those who want to explore the new caring, sharing Australia in total luxury

tions of the island is that it is close to the Outer Barrier Reef, to such spots as the Cod Hole, where giant potato cod, white and spotty like pigs, await inspection.

Tourism on the reef is strictly controlled and there are just four mooring spots on the Cod Hole, giving space for all. Every other day on Lizard a motor launch loads up with lunch, and guests, and dives the Coral Sea.

Here again novices, clinging to ropes, and reassuringly husky Aussie men, can get involved almost as much as the scuba divers yards beneath them. At Cod Hole, the reef suddenly drops hundreds of feet and fish in myriad forms gather like lemmings. The crew tempt the potato cod to the surface with bait so everyone can admire, touch and film. It may be a sanitised wild life experience but it is memorable.

The point of Lizard is the sea. If you are bored with goggling at fish, you can take one of the small speed boats to an adjacent beach, which will almost certainly be uninhabited, or you can walk to the peak of the island where Captain James Cook looked for, and found, the escape route through the reef on his great voyage of exploration. Or you can idle on your terrace,

fairly certain that the world is beyond easy contact.

Lizard is comfortable rather than pretentious; other islands offer routine luxury – and the reef. Hayman Island, one of the Whitsunday chain to the south, is for those who like to feel the width of their holiday investment. Here you can choose from six restaurants, some of which expect a dress code; lounge around a swimming pool seven times larger than the Olympic standard; lose yourself in mountains of marble.

This is where Rupert Murdoch, part owner of the island, entertained Tony Blair. This is where aristocratic Australians go when they have arrived.

At first you cannot see what all the fuss is about. Much of the architecture looks like the set of an early James Bond movie: some of the rooms seem in need of their imminent renovation. But gradually the comfort of Hayman overpowers you. The staff have that easy-going madness which stays just the perfect side of service. They are happy to prepare you a picnic and speed you to one of the sand spits or beaches around the island. They make the parasailing, the sailboarding, the water skiing seem easy.

Hayman also has a unique attraction: it leads the world in personality fish. His name is Barry and he is a macrill wrasse, a turquoise monster. He inhabits a small reef, hugging a tiny islet just five minutes from shore, and twice a day, summoned by bread,

Information

A 14-night Australian holiday, including four nights at Hayman Island, three at Silky Oaks Lodge, two at the Sheraton Mirage, Port Douglas, and five at Lizard Island Lodge, costs from £2,325 based on two sharing through Elegant Resorts (01244-557888). The trip includes Cairns economy class flights (business class from £3,320 return), internet flights, private transfers, and scenic meals. You could take the option of three nights at the Observatory hotel in Sydney from £280 (from only).

he rises to be stroked, petted and generally admired. If Barry, and his rather cowed partner Sally, are too intrusive on your snorkelling, you can descend into a glass submersible. Suddenly roles have been reversed: you are trapped in a glass bowl; the fish have the freedom to circle around.

Perhaps the main difference between Lizard and Hayman can

be summed up in one word – children. You have to be six to fly into Lizard; families are welcomed on the motor launch that transports most visitors to Hayman. Do you feel independent or sociable? The choice is yours – on Lizard you are Robinson Crusoe who has won the lottery, in temporary possession of an island which manages to feel remote even when you scan a gourmet menu; on Hayman there is the reassuring comfort of well-oiled professional perfection.

Few fail to be overwhelmed by the Great Barrier Reef: it makes contact with the equivalent of a new world easy and enjoyable. It also looks beautiful as you fly over its tapestry of hundreds of coral islands and thousands of individual reefs, with the surrounding sea purifying to the most delicate turquoise around the reefs, which glimmer like broken and crumpled plate waves. After drooling over the reef you can fly to vibrant Sydney; better still, go to that adjacent World Heritage Site, the tropical rainforests of north Queensland. Cairns, the fastest growing airport in Australia, is the point of entry, and within two hours you can be safely cocooned in a log cabin at Silky Oaks Lodge, festooned in greenery. Here again

nature is tamed. There might be rapidly growing vegetation outside the verandah, but there is a large Jacuzzi in the bathroom.

This is eco tourism at its most sybaritic. The Daintree Forest, one of the oldest in the world, is all around, pumping out oxygen and giving life to plants that have survived unchanged for hundreds of millions of years; but for dinner the chef will be preparing fresh oysters served with five sauces; citrus scented squash breast, red onion polenta and parsley jus; and coral trout, chorizo and prawn mash with roasted tomato and cardamom sauce. It makes the guided walk around the museum of a forest, observing trees fighting each other for sunlight, and searching for the elusive cassowary while being abused by parakeets, doubly worthwhile.

The lodge is a base rather than a place to idle. Close by is Port Douglas, an old gold port, now reviving into a sophisticated resort after decades of neglect, but still retaining its turn-of-the-century pioneer appeal, plus Four Mile Beach, which exaggerates its length but not its appeal. Just to the north, is a miracle of nature when the rainforest hits the beach around Cape Tribulation, the point where Captain

Cook's – and the Aborigines' – worries began over 200 years ago.

Tropical north Queensland is quickly rising to the challenge of its appeal to tourists but its cost size makes it totally unspoilt. And for every luxury hotel, such as the Sheraton Mirage at Port Douglas, with more pools than you can shake a towel at, there is the Exchange Hotel in nearby Mossman, where a room on the wooden balcony, looking down on the sleepy, cane town, costs just over £30 – for a week.

The frontier spirit reaches out to the people, who are friendly, confident, wittily understated, and real. They are happy to live in God's Own Country and make sure you quickly catch their enthusiasm.

Throw in the fact that at present there are three Australian dollars to the pound in a country that believes in bargains; that Australian cuisine has managed in a generation to move from near bottom to top in world rankings (at least in the major cities, when not perfect, is interesting, and you realise that a trip to the wonders and pleasures of the Great Barrier Reef and the tropical rainforest is not just appealing – it is positively imperative.

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Following the snake

Julia Berney takes the Bibbulmun track in western Australia

Snaking its way through the vast forests of Western Australia's

south-west region, the newly completed Bibbulmun Track is being hailed as the premier long-distance walking trail in the southern hemisphere.

Although the Bibbulmun – named after a south-western Aboriginal group – has existed for 30 years, until recently the route had drawbacks. Some parts led walkers near logging operations and bauxite mine sites; other sections missed out on attractive country towns and wilderness areas.

The old track, at just 400 miles (650km), stretched south from the Perth suburb of Kalamunda, on the Darling Scarp, to the timber town of Walpole. The new track totals an impressive 560 miles, terminating at Albany, the western state's first colonial settlement and a former whaling station, bordering the Southern Ocean.

Upgrading the track was the idea of veteran walker Jesse Brampton, who, having walked the Appalachian Trail in the US, realised the Bibbulmun fell short of its potential as a world-class trail. As the Department of Conservation and Land Management's project co-ordinator, he planned a major realignment so the track now avoids most roads yet passes through small towns, where hikers can buy provisions or stay overnight. Bush camp-sites have been erected roughly every 12 miles.

One of the points of civilisation the track touches is Dwellingup, a little timber town dominated by a sawmill. Dwellingup's buildings look old and original, yet most are replicas, for in 1961 almost the whole settlement was destroyed by the Great Bush Fire which scorched it. The entire population huddled together on a sports

field in the centre of town and miraculously survived, although they lost everything.

Forest scenery on the track takes in some of the best-known eucalyptus species – jarrah and karri which, in the past, provided timber for construction purposes worldwide. Karri is one of the world's three tallest hardwoods. By contrast, the red tangle trees in the Valley of Giants are remarkable for their colossal girth.

The southern section of the track boasts spectacular coastal views, such as West Cape Howe's dolomite cliffs.

Australia has many deadly snakes but this one need not inspire fear

or Wilson Inlet and Ocean Beach, which can be glimpsed across the karri crowns from Mount Hailu. Coastal trails can be crossed by means of canoe or ferry.

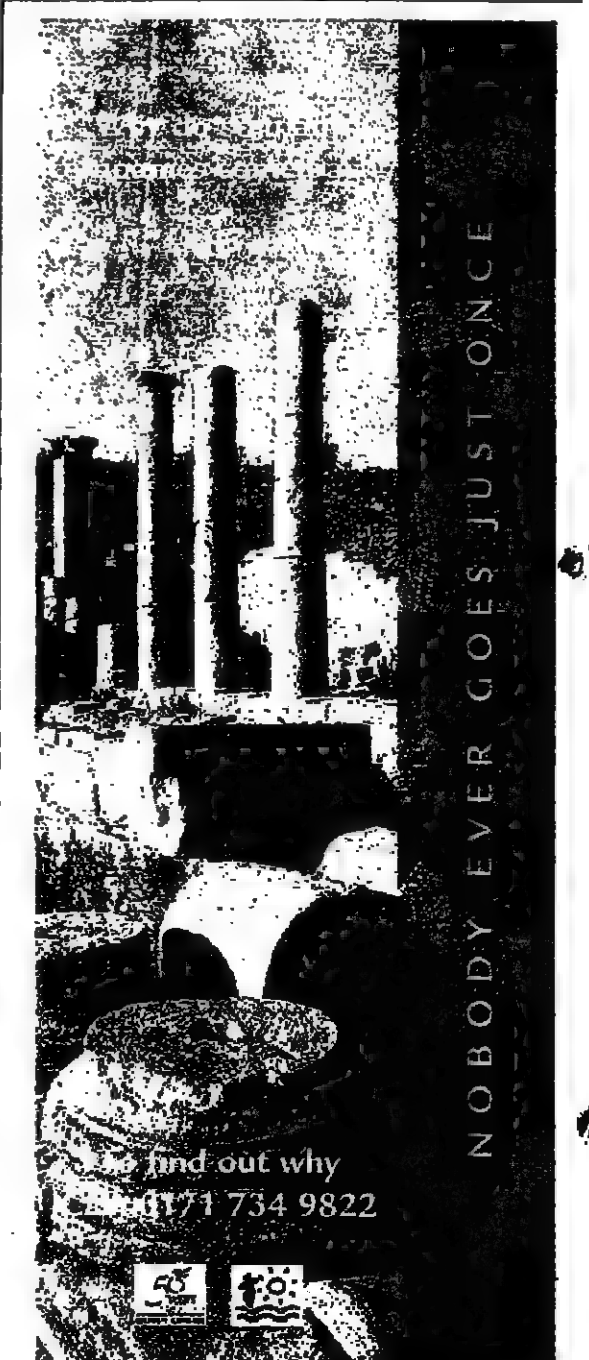
According to Annie Keating, assistant co-ordinator of the Bibbulmun Track Project: "The big feature about this trail is that you're going through relatively isolated areas, and because it's so long, you can have several hundred people using it at one time and still not lose that sense of solitude." The Bibbulmun is signposted with markers featuring the Waugal, the rainbow serpent of Aboriginal mythology.

In places where the track crosses tourist bus stops, passengers apparently have been alarmed because they believed the logo was a snake warning. Western Australia has many deadly snakes but this particular one need not inspire fear – "Waugal" is one of several

spellings of a word used by the local Nyongar tribe for the harmless carpet python.

For more information contact Bibbulmun Track Project, Department of

Conservation and Land Management, Western Australia: tel: +61 8 9354 0265; fax: +61 8 9354 0100, or email bibbulmun@dm.wa.gov.au



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TRAVEL

A long-running family cereal

Stephen McGookin starts the day at a US theme park with a difference

For generations of American children, Battle Creek, Michigan, has been the address to which cereal box tops are sent, for trinkets to appear miraculously in the post a few weeks later. Now, in the midst of the 100th anniversary of Corn Flakes, the town has become a shrine to consumption: a corporate shrine to the digestive process.

Kellogg's Cereal City, a \$22m "entertainment" theme park, opened this summer on a 45,000 sq ft site, and seems on course to meet its expectation of 400,000 visitors a year.

Educational entertainment is all the rage at the moment, and Cereal City, a joint venture between Kellogg's and the local heritage association, was recently named "best new facility" by the International Association of Family Entertainment Centers.

When the cereal giant stopped offering tours of its factory in 1986, the town felt that an important link with its past could be lost, and with it a big slice of civic pride; a quality in ample supply in this

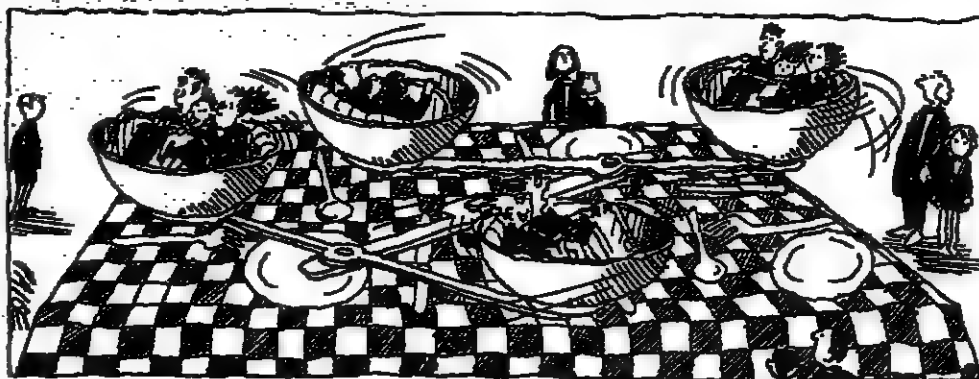
part of the American heartland. Known as the "Cereal Bowl of America", Battle Creek is a tidy, upstanding little town about 35 miles from Detroit.

The home of the "world's longest breakfast table", an annual cereal festival stretching the length of the main street. It is, if not a one-company town, then largely a one-industry town.

Its association with breakfast foodstuffs goes back to 1876, when John Harvey Kellogg became medical director of the Health Reform Institute, run by the Seventh Day Adventist Church, and renamed it the Battle Creek Sanitarium.

Within 10 years of Kellogg's arrival, "the Cereal City exhibit" accounts, "the 'San' had served 3,000 patients, experiencing only 10 deaths."

A somewhat embellished version of Kellogg's activities appeared in the 1994 movie *The*



Road to Wellville, starring Anthony Hopkins. A hundred years earlier, the process of flaking wheat had been developed as a means of giving the sanitarium's residents a healthy meal.

Like all good corporate legends, the story goes that a glitch in Kellogg's production

led to the evolution of the Corn Flakes, which has since gone on to appear on an estimated 95 per cent of American breakfast tables.

C.W. Post, formerly a resident at the sanitarium, started his company in 1905, producing Post Toasties - originally called Elijah's Manna - and Grape

Nuts, and the next few years saw the start of a cereal goldrush. Between 1901 and 1904, more than 40 cereal companies set up in Battle Creek and by 1908, Kellogg was selling more than 1m cases a year.

John Harvey Kellogg's brother Will - or W.K. - was an important player in the growth

of the cereal industry, although his passion was for marketing rather than for the strict regime at the sanitarium.

W.K. and his cronies often crept away from the "San" to the Red Onion Grill in town, described by John Harvey as a "meat speakeasy". In its honour, the food outlet in the Cereal City complex is called the Red Onion; while down by the railroad tracks nestles a bar called the Saints and Sinners Lounge.

Will Kellogg, seeing his brother's reluctance to expand the company, formed the Battle Creek Toasted Corn Flake Company in 1906, renamed the Kellogg Company in 1922.

W.K.'s approach to advertising was groundbreaking - significantly in the growing medium of radio - and he introduced the idea of postal "premiums" or toys for boxtops.

His early advertising coups included creating the impression

of a shortage in order to encourage housewives to stockpile.

As well as following a journey through the history of the company's advertising, Cereal City visitors can follow a replica of the production line as it moves through the various processes that create the cereal; or watch "The Best to You" revue, hosted on film by the "Sweetheart of the Corn", another of the company's highly successful marketing creations.

Along with characters such as Toucan Sam, Cornelius the Rooster and Snap! Crack! and Pop!, the grinning trademark visage of Tony the Tiger is everywhere; over the door of the complex, on the tickets and especially on the myriad items in the roomful of merchandise you pass through as you leave.

And if that's not enough, for about \$15 you can buy a box of Corn Flakes with your face on the front.

Kellogg's Cereal City USA: 171 West Michigan Avenue, Battle Creek, Tel: 616-962-6230. Admission \$6.50. Annual Lake Cities server: \$22 return from Detroit to Battle Creek.



Provençal poet Frederique Mistral, the Camargue's herds of semi-wild white horses, standing free and untrammelled through delta swamps, harkened back to an earlier, mythic age. Arvid Photography

Free rein through France's delta swamps

Nicholas Woodsworth discovers the endless, empty horizons and the vast heavens of the Camargue

I had always wanted to visit the Camargue, the wild and marshy delta that lies on the Mediterranean at the mouth of the Rhone River. I am a pushover for any place that can produce white horses, black bulls and pink flamingoes all at the same time, especially under several inches of water. Even the Michelin Guide lying on the car seat beside me was impressed - the Camargue, it enthused, was "the most original and romantic region of Provence and possibly of France".

I scratched my head in puzzlement and looked around me once more. Had the good people at Michelin, I wondered, finally taste-tested one glass of St Emilion too many? Had some slighted and vengeful chef perhaps slipped hallucinogenic mushrooms into their *vol-au-vents*? Or did they simply know something about the romance of heavy industry that I did not?

For here I was in Fos-sur-mer, an hour from Marseilles airport and less than five miles from the mouth of the Rhone. Yet the farther I went, the more bleakly industrial the landscape became - on all sides lay a grey purgatory of oil refineries, steel mills, chemical plants and a thousand smokestack stinks. Of pink flamingoes there was not a sign.

Miracles, however, never cease. At the Bec de Bacarin, the small ferry that is the only crossing point on the Rhone near its mouth, Marseilles' industrial backyard came to an abrupt halt. Suddenly, astonishingly, modern man and his works might never have existed.

Instead, spread out before me on the far side of the river was a table-top flat world of salt-marshes, lagoons, water channels and low-lying pastures bordered by feathery-topped banks of reeds. The horizon was endless and empty, the heavens vast.

A protected nature reserve, the 350 sq mile triangle of aluvial delta that spreads south to the sea from Arles - the place where the Rhone splits into two main branches - is indeed an original area of France. Neither water, nor land, nor sky, but a *terra incognita* tentatively suspended somewhere between them, it is a strange little world unto itself.

One part of that world, I discovered, is man-made, and centres on the traditional Camargue *mas*, or farmhouse.

If you only spent your days inside the walls of the Mas de Point, you might think the Camargue was above all a centre of rural chic. Built of blocks of honey-coloured stone, the solid, 400-year-old Mas de Point sits lost

in fields of irrigated rice. Like generations before him, its proprietor, dapper, silver-haired Jacques Bon, makes his living from the land - he once ran more than 14,000 head of sheep on the grasslands that ring the marshes. In recent years, though, Bon and his architect wife, Lucille, have transformed their *mas* into a hotel. They now turn their energies to the trick of making luxury accommodation and rustic simplicity look like the same thing.

Downstairs, cool, polished sandstone floors lead past antique country furniture to a kitchen/dining room where a chef chats with diners as he cooks. In rooms upstairs, under massive, worm-holed, wooden roofbeams and carefully worked colour combinations, satellite televisions share space with old-fashioned, claw-footed bathtubs swathed in linen curtains. Outside, guests slumber on lounge-chairs beside a swimming pool that sits hard by a kitchen garden of beans, tomatoes and subterfuges.

It all works, and on days when that fine and famous wind, the Mistral, blows unremittingly down the Rhone Valley carrying everything before it, there is no finer place to seek refuge. But on waking up one morning to clearing mist and a fine, calm day, I asked Bon where I might find

another Camargue, one fashioned by nature rather than man.

Half an hour later, on the southern, seaside end of the delta, I was following a complex lacework of rough dirt roads - they are really more like drivable dykes - that led me ever farther from dry land into the Camargue's endless stretch of *étangs*, or saltwater lagoons.

came upon were entirely at home - the Fangassier lagoon, in fact, is their only nesting-ground in all Europe. That does not mean they looked any less bizarre in their own environment than in the cheesy cocktail lounges and suburban backyards we more often see them in. One of God's more extraordinary creatures, these flamingoes still looked surprisingly to me like tasteless and gaudy garden furniture, right down to the long, single leg - good for pronging deep into soft lawns - on which they sleep.

It was only when they rose into the sky by the dozen - their outstretched necks and legs perfectly balancing each other at either end of their bodies - that I realised what truly graceful animals they were. Not all creatures of the air are as benign. With no Mistral to inhibit them, thick clouds of midge-like insects rose from the lagoons and were soon upon me, bent on blood. This was altogether too much nature. I stretched my own neck and legs and fled.

There is yet another aspect of the Camargue, one that is neither wholly natural nor wholly man-made, that I discovered not long after. It is a blend of both, and produces what is perhaps the most distinctive of all things Camarguais.

The Mas de Point, more than 1,000 acres in size, remains a working farm. For if Jacques Bon has given up sheep, he is still the owner of one of the delta's largest *menades*, or herds of Camargue bulls.

It was mid-morning when I swung up into the saddle and rode out into the marshy countryside astride Vaccares, a small and sturdy Camargue horse. Like all his race, Vaccares spends his life outdoors. Inured to the ferocious summer sun, to the cold and rains of winter, to the north wind and the vicious insect-life of the marshes, Vaccares is as tough as nails. To the Provençal poet Frederique Mistral, the Camargue's herds of semi-wild white horses, thundering free and untrammelled through delta swamps, harkened back to an earlier, mythic age - "a savage race unbent", he called them.

Equally tough and equally mythic, in my book, are the *gardians*, those rare Mediterranean cowboys who ride the white horses of the Camargue. As wiry and resistant as his horse, Alain Coppin, the *gardian* riding beside me, spends his day in the saddle working with Bon's *menade*. It is not an easy life; he has broken each of his legs three times, to say nothing of wrists, shoulders and sundry ribs.

What was it all for, I asked him? As we jogged across boggy ground through rushes and reeds and spring, salt-loving glasswort, past board-tracked waterways alive with the sound of ducks and egrets, Coppin pointed to dark shapes behind the vegetation. Seconds later we were riding through a herd of lithe and agile black Camargue bulls. Scions of a race as distinct as the delta's horses, the best of these bulls would end up in dusty bull-rings, where the local sport of *la course a la cocarde* is practised.

Would I care, Coppin asked, to see a young Camargue daredevil snatch the *cocarde*, a tiny rosette, from between the lyre-shaped horns of a raging bull? It just so happened there was a course in nearby Saintes-Maries that afternoon.

I would very much, I replied. In the Camargue, where man and nature live close together, the course is the place where they come closer still. There was not much time and, splattering mud as we went, we cantered back to the big stone farmhouse in the rice fields.

In the UK, information about the Camargue may be obtained from the Maison de la France, tel: 0291 244 123. In the US, call 900 990 0000.

Doctor, there's a python in my soup

Arnie Wilson meets an expedition doctor who knows how to answer a trunk call

One of British comedian Tommy Cooper's jokes told of a white hunter about to topple an elephant with his rifle when the animal picked up its foot to reveal a splinter. The hunter pulled it out - and then did not have the heart to shoot the beast.

Years later, the hunter went to the circus and was astonished to see an elephant in the ring lifting up its foot. Rushing to greet his long lost friend, the hunter was promptly flattened.

"It was a different elephant," said Cooper.

John Davies, Britain's most prolific expedition doctor, is one of the few men who has removed a splinter from an elephant's foot in real life - not to mention once sewing up a savaged python.

Davies, one of six doctors who run a surgery in Red-ruth, Cornwall, always seems to be unpacking from the last expedition or packing for the next. "I used to

get some stick from my partners, but they're pretty used to it now," he says.

Now 55, he has clocked up more than 50 expeditions, from destinations as far apart as the Antarctic and Nepal.

In the 1980s, Davies regularly found himself the doctor on Operation Raleigh expeditions, often led by his founder, the legendary Colonel John Blashford-Snell. These days he is both doctor and leader of most of the Scientific Exploration Society's Fulcrum expeditions - an organisation associated with the Duke of Edinburgh's award scheme, which provides youngsters with direct experience of different and often remote cultures around the globe.

"Young people often feel disillusioned and marginal-

ised," says Davies. "These expeditions increase their optimism, self-belief and creativity, but make them aware of their responsibilities and limitations."

Davies got the travel bug young. "I can remember when I was about 10 organising trips for kids in my Sunday school to North Wales, working out little circular routes, taking people on trains and experiencing great joy in getting them home in one piece."

Even then, he says, he was constantly aware that there were hazards in taking people out on organised expeditions. "You have to think of everything that might go wrong - and have plans to deal with it. So you can never really relax."

Davies is not the only expedition doctor in Britain,

but he is almost certainly the busiest.

"I've made a career specialising in it, training myself in diving medicine, altitude medicine and tropical medicine. But it's not just the medical side. That's probably only about 5 per cent of what you actually do. I've always taken a great

interest in the countries and the culture of the places I go to and like to think I have more to offer than medicine.

"The challenge for me is twofold. One is to deal with problems if they happen and get people back in one piece. The other is the spiritual element. On our trip to Botswana, we went to a Tsan

bushmen's village. Some of the group - the boys more than the girls - were so moved that they were in tears as they left.

"It was the first time they'd come across poverty and what they saw as deprivation. It wasn't really - it was just a different way of living." Inevitably, Davies often finds himself filling the role of schoolmaster, vicar and father-confessor as well as doctor.

When Davies was the doctor on an expedition I accompanied to the Kalahari, I witnessed his expertise at first hand. Graham Walker, a former British Admiral's Cup captain, collapsed in agony on the shores of the Okavango. "I thought he'd had a heart attack at first," says Davies.

"But it was renal colic,

something you get when a stone forms in a kidney. We were all rather dehydrated - we'd been drinking very little water.

"We flew him out to Maun and then on to Johannesburg, where he made a full recovery and rejoined the expedition. I had worked out the casualty evacuation before hand, and within five hours he was there. I don't evacuate people to hospitals in most of Africa because of the AIDS situation."

It was in the Himalayas that Davies saved an 8ft python with surgery. "I was on an expedition in Nepal with Mark O'Shea, the herpetologist. He was collecting snakes in the area and also collecting medicine from snake venom. He found a python which had been mauled by a tiger. It was

badly injured so I decided I would set to and stitch it up. We kept it in the camp for about a week and then released it.

"Then there was the elephant which got a huge splinter in its foot. The Nepalese burn bamboo to encourage new growth, and this leaves spikes of bamboo in the ground, which elephants may tread on.

"This particular elephant had a piece of bamboo in its foot. It couldn't walk properly so I set to and dug the bamboo out. The keepers got it to lie on the ground. According to John Blashford-Snell, it got up afterwards, tested its foot, and then came up to me and rubbed me with its trunk."

Davies says of returning home: "Coming back to Red-ruth is like relaxing in a comfortable armchair. You have to touch base, I think, and internalise all the experiences you've had. But I need the stimulation of knowing there's another trip on the horizon."

OUTDOORS

Slowly and serenely, great new gardens are joining the list of the old and established heroes. Perhaps they will be as lucky in their survival as the old favourites, the Sissinghursts and Trecocks. Perhaps they will find a charmed succession of skilled head gardeners. Like every garden, they will continue to change, but meanwhile the challenge is to catch them while they are still in good form.

The challenge is made easier by a new arrival, which will guide my next few years of garden visiting. Charles Quest-Ritson is a keen gardener, connoisseur of roses and daytime tax lawyer. His book on the *English Garden Abroad* was distinguished by its concise style, clear fact and the accuracy of a trained mind. He has just returned to print with *The House and Garden Book of Country Gardens*. His survey has a particular interest which keen gardeners should not miss.

Some of them will join me in remembering a former *House and Garden Book of Gardening*, published in the late 1980s under the genial guidance of the then garden editor, the late Peter Coats. Almost none of the same cast appears again 30 years later and the range of styles chosen for discussion is refreshingly broader. The contrast reminds us how far this supposedly conservative art has widened and changed with a new generation. The new garden-makers think, read and bring a personal style which is not simply mimicry or bought off a shelf. Quest-Ritson has chosen very well. He has assembled about 30 of the gardens most often discussed when experts gather and try to trump each other with less visited places. They vary from several gardens in Italy and the south of France to the great gardens at Hatfield House, so skillfully replanted by the queen of grand gardeners, Lady Salisbury, and on to gardens planted with a painter's eye or an architectural sense.

A few already famous names are present, not least the remote Little Sparta, laid out in Scotland by Ian Hamilton Finlay. The garden was part of the owner's Five Year Hellenisation Plan, which delights the heart of every keen classical scholar. It works sculpture, objects and inscriptions into a subtle relationship of word and image. Very seldom open, it is hard to visit and best known through photographs, which this new *House and Garden* book helpfully prints.

"The present order," one of Little Sparta's inscriptions pro-



La Casella near Grasse: all the plants are chosen to survive a Mediterranean summer - wisteria refreshes the heat

Vincent Mott

Gardening

Handsome heroes

Queue up to visit the next generation of great gardens, says Robin Lane Fox

claims, "is the disorder of the future." Every recent investor will sympathise, but the message, drawn from the French radical Saint Just, will appeal to gardeners, too. Many of the gardens in the rest of the book could face disorder in the future, but there are also encouraging exceptions.

I have never seen the garden at Long Hall in the Wiltshire valley in Wiltshire, but it turns out to have been gardened by the same family for 130 years. "Much of the romance of this garden lies in the fact that generations of Yeatman-Biggs have laboured here..." The women have been particularly discerning and the planting of the present garden owes much to Susannah Yeatman-Biggs, who has brought historical reading,

an eye for garden painting and visiting to what emerges in this book as an extremely handsome design.

The garden includes an "eclectic" border, charmingly planted with plants such as the Rambling Rector rose and blue monkshood which have echoes of the clerical life. I also admire the energy of the present owner who was confronted with old apple trees without any recorded names. She tried a search around them with a metal detector and discovered that many of the original lead labels were lying hidden in the earth around the tree trunks. As a result, one or two lost local varieties were reidentified and saved for posterity.

One of the constant lessons of

good gardening in this book and elsewhere is that it is even better if its practitioners bring a wider eye and culture to it. It is very good to see publicity for two quite recent "painterly" plots. The farmhouse garden at Chilly Combe in Dorset is the botanical canvas of John Hubbard and has emerged as unusual and important among the gardens of the past 20 years.

At Sticky Wicket, also in Dorset, Pam Lewis has exemplified the sensitive spacing of shape and colour since the garden began in 1986. She acknowledges the impact of the garden architect John Brookes, who made her "better able to understand the structure of things". She is evidently a mistress of

the art of colour, thoughtfully related to the shapes of her ground plan which leads now to a new White Garden, chosen not to be in ghastly good taste but because white is the colour of hedges. "At the top, I just wanted a nice fuzzy middle which will merge the garden with the natural world outside," she says.

Colourists keep company here with those interior designers who have turned their talents outdoors. Histories of gardening tend to miss them out as if they are not quite architects and not quite gardeners. In fact, they have a wonderful eye for shape and form, a proper sense of the impact of the colour green and a controlled and ingenious way

with colour and planting.

The clipped box and trained shapes of John Stefanides' garden in Dorset are less often published than his famous interiors, but Quest-Ritson rightly gives it serious space and praise in his chapter on the well-structured garden. The gardening talents of the older partners in the decorating firm of Colefax & Fowler are perhaps more widely known. It is, however, good to see a full tribute to the late John Fowler's rather formal garden at King Henry's Hunting Lodge, a Rococo folly in a wood near Odham in Hampshire.

The house and garden have been taken on by the National Trust, but happily, the tenant during the past 20 years has been Nicky Haslam, also an interior designer of repute. He has understood and kept alive John Fowler's legacy, uniting gardening and the eye of an interior decorator across two generations.

Quest-Ritson looks abroad, too, for gardens in dry climates. In Malibu, California, he illustrates a modern garden, unknown to me and made in the past 10 years by an energetic architect and garden designer. "Citrus fruits are hard work, but Buzz [Yudell] and Tina [Beebe] enjoy the reward of growing and eating their own produce."

The foreign winner here is surely La Casella, near Grasse, built only in 1980 as a copy of a neo-classical French original. It had the good fortune to be bought in 1983 by Tom Parr, chairman of Colefax & Fowler, who has applied his wonderful eye and taste to the site in company with his equally able partner, Claus Scheinert.

It is satisfying to see good pictures of the results and to be taken through the stages of their successful development during the past 15 years. Parr insisted there should be no red flowers and encouraged Scheinert to plant and design eight steep olive terraces within that condition. Scheinert limited his plants to about 30 species, which will survive neglect in a hot Mediterranean summer. These restrictions may sound self-defeating, but the account of the results is the most enticing in this very enticing book.

Never think that gardens have been gently pottering forwards in the past 15 years. Almost every chapter of the Quest-Ritson selection alerts us to thoughtful, ambitious sowing, planting and design in settings which deserve a more famous place in the sunshine of their golden years. *Stbury Press, £25 (UK); Vendome Press, \$40 (US).*

Lucy's Plot

Orange-free state, please

Winter is wonderful, spring is a joy, summer I love, autumn I have a problem with. I'm one of those who, despite all that retro-cade dictates, can't stand the colour orange. We all adore bonfires, the frosty mornings, but the colours! For the orange-ophobe, this has been a testing few weeks. Vegetation everywhere bursting into ghastly blazes of red and ginger, tomato-soup and scarlet and other not-so-subtle variations on this theme.

Eye-scorching maples hum and vibrate against Rio carnival cherry trees; usually elegant silver birches, Grace Kelly-like in their restrained silver and green, get themselves up like trashy, not until long after the show from Halloween pumpkins has dimmed that I can breathe again.

I'm grateful that my little plot is undisturbed by this visual din, surrounded as it is by soft, shady green Scots pines. The red squirrel is the only jarring speck on the spectrum. The squirrel and, of course, Robin red (let's be honest, orange) breast. Otherwise, all is peaceful.

Spinach doing well, cabbages not too bad, parsley soldiering on. A small problem, however, with the chard... I found myself unable to resist ordering from the seed catalogue a kind of chard by the name of "Bright Lights". Very hardy, not put off by wind and cold and with succulent stems of yellow, red, white and... orange. Oh well, maybe a homeopathic smallpox in the garden might cure me of my problem.

It's time also to put in some fruit trees. I'm aiming high with these. Espalier, cordon and fan are all going to be attempted. However many times I read the pruning instructions, though, a mist clouds my brain. I think I could stick to straight up and leave it at that for the moment.

Poor little things - imagine being driven away from the comfort of the nursery, bundled out of the car and plopped down into chilly November clay. A crazy amateur hovering over you with secateurs, instruction book thrown to the ground in a fit of pique. Gardening. Sometimes, it's a scary business.

Lucy Ogilvie-Grant

Road Test

Green and mean

Stuart Marshall marvels at the HDi's economy and pulling power

As the Labour government pursues its policy of trying to tax people out of their cars and on to public transport by raising fuel prices in the UK beyond the rate of inflation, what we spend at the pump bulks larger in the overall cost of running a car. Not only that. Global warming, we are told, is worsening and man-made emissions of carbon dioxide caused by burning fossil fuels are to blame.

Not all scientists agree with the doom-laden, green-inspired forecasts of melting ice caps, rising ocean levels and the Sahara encroaching on the south of France, but never mind. Any reduction in the amount of muck we humans pump into the atmosphere clearly has to be a good thing.

The best way for a motorist to lower fuel consumption and carbon dioxide emissions is to run a diesel car and drive it sensibly, as I have been doing from choice for the last 30 years.

Diesel cars do not come more environmentally friendly than the 1999 Citroën Xantia 2.0 HDi, newly equipped with the most advanced direct-injection, turbo-diesel engine installed in any production car.

For several years diesel cars have suffered from a black propaganda campaign. Because aged, badly maintained trucks and buses leave a trail of smelly smoke, the public assumes all cars are equally guilty as polluters. They are not, though prejudices are confirmed by media shock-horror stories. (One of the most respectable newspapers last Sunday even referred to a leak of "black sticky diesel fuel", when the stuff is no blacker or stickier than petrol.)

The only way in which diesel car emissions are inferior to petrol-engined cars is in particulates - tiny particles of carbon which are the by-products of combustion. You would never know it, but petrol engines also emit particulates. Those from diesels are perhaps 50 per cent greater - but their emissions



Citroën's Xantia 2.0 HDi: well ahead of the rest of the diesel pack

contain fewer of all the other matters and much less carbon dioxide because they burn less fuel.

The facts speak for themselves. With a new common rail direct injection system, under which fuel is squirted under enormous high pressure into the cylinders under electronic control, the 1999 Xantia 2.0-litre, 110-horsepower HDi turbo-diesel yields a fuel consumption 60 per cent better than that of a 1.8-litre, 112-horsepower, petrol-engined Xantia offering similar performance.

The official combined average fuel consumption taking in urban, suburban and open-road running is 51.4mpg (45.1/100km) compared with the petrol version's 32.5mpg. Just as remarkably, the HDi is about 25 per cent more economical than the 2.1-litre turbo-diesel with indirect injection that it replaces.

Nor do the benefits stop there. The HDi turbo-diesel produces vastly more torque at a given speed than the 1.8-litre petrol engine at much lower revolutions. (At a mere 1,750rpm, it produces almost as much as Citroën's flagship XM 3.0-litre V6 petrol engine does at 4,000rpm.)

In practical motoring terms, this means the need for gear-changing is dramatically reduced. Although the Xantia HDi is high-g geared

(75mph or 130kph at little more than 2,500rpm) for relaxed, economical motorway cruising, it picks up strongly in fifth from 40mph. Acceleration from, say, 40mph to 70mph in fourth gear is startlingly good.

Until Volkswagen came along a couple of years ago with its excellent 1.9-litre direct injection (though not common rail) turbo-diesel, nearly all diesel cars had indirect injection (ID) engines because direct injection were considered too rough and noisy.

Rover was an honourable exception. General Motors (Vauxhall/Opel) and, more recently, BMW, Mercedes-Benz and Renault, have introduced DI engines combining better economy than the indirect injection variety with good levels of refinement.

At the moment, though, Citroën's 2.0-litre HDi engine beats all its rivals for a combination of economy, smoothness, refinement and sheer driveability. It will appear in various Peugeot models and in the fairly near future, nearly all turbo-diesel cars, regardless of make, will have common rail injection systems.

Volkswagen is on the brink of introducing its own common rail engines, which will be a match for the HDi. And large-capacity V6 and V8 common rail turbo-diesels will offer buyers of the next generation of European

luxury saloons the fuel economy and carbon dioxide emission levels of present-day family cars.

The environmental and financial benefits of diesel cars are well understood on continental Europe, where their fuel is more realistically priced than it is in Britain. Last year, 3m diesel cars were sold in Europe, 1m more than in 1987. This year, sales are up by 18 per cent.

In Britain, fewer than one in five new cars is a diesel but this should change. If the government's consultation document on tax concessions for environmentally friendly cars is to mean anything, it must recognise the diesel's extreme fuel economy and clean exhaust emissions. These are reduced by the common rail system and further improved by using ultra low-sulphur diesel fuel, now widely available.

Apart from its outstanding new engine, the 1999 Xantia hatchbacks and estates have improved specifications. All models now have air bags and the petrol ones get air conditioning, the latest factory-installed Trafficmaster real-time road information system and six-speaker autochanger.

The ride from the self-leveling gas/hydraulic suspension remains the best in class, the 5-speed manual gearbox is silky and the power-assisted steering light for parking, precise on winding roads.

Prices of Xantias with HDi engines range from £17,455 (LX hatchback) to £21,305 (Exclusive estate). Automatic transmission is not yet offered with the HDi engine, but prices of 1.9-litre ID-engined automatic Xantia start at £17,875.

The petrol-engined models are priced from £13,630 (1.8-litre hatchback) to £22,435 for a 3.0-litre V6.

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INTERNATIONAL ARTS GUIDE

What's on around the world

AMSTERDAM

EXHIBITIONS
Rijksmuseum
 Tel: 31-20-673 2121
 The Festival of Lithography: celebration of the 200th anniversary of the discovery of lithography. The exhibition consists of works from the collection, including lithographs by Toulouse-Lautrec, works by Cézanne, Manet, and Dutch artists including Van Gogh; to Jan 10

Stedelijk Museum
 Tel: 31-20-5732911
 www.stedelijk.nl
 Bill Viola, 25 Year Survey - A Video Journey: major survey of work by the American video artist. Includes more than 15 installations and 20 video tapes, as well as sketches and notes; to Nov 29

OPERA
Netherlands Opera, Het Muziektheater
 Tel: 31-20-551 8811
 The Rake's Progress: by Stravinsky. Conducted by Reinbert de Leeuw in a staging by Peter Sellars. Cast includes Donald McIntyre, Thomas Randle and Willard White; Nov 18, 20

BERLIN

DANCE
Deutsche Oper
 Tel: 49-30-34384-01
 Cinderella: new staging by Roberto de Oliveira. The title role is danced by Tamako Akiyama, and the conductor is Peter Ernst Lassen; Nov 17.

OPERA
Deutsche Oper
 Tel: 49-30-34384-01
 Sötterdämmerung: by Wagner. Conducted by Christian Thielemann, with a cast including Gabriele Schnaut, Wolfgang Neumann and Esa Ruutinen; Nov 14

BOSTON

EXHIBITION
Museum of Fine Arts, Boston
 Tel: 1-617-267 9300
 Monet in the 20th Century: more than 80 works painted by the artist in the last decades of his life. Beginning with paintings of the garden at Giverny, the show concludes with five of the monumental water lily paintings that Monet called Grandes Décorations; to Dec 27

CHICAGO

CONCERTS
Orchestra Hall
 Tel: 1-312-294-3000
 www.chicagosymphony.org
 Chicago Symphony Orchestra: conducted by Riccardo Chailly in works by Ravel and Rachmaninov. With piano soloist Ivan Moravec; Nov 14, 17

EXHIBITION
Art Institute of Chicago
 Tel: 1-312-443 3800
 www.artic.edu
 Mary Cassatt: Modern Woman. 125 paintings, drawings and prints by the only American invited to exhibit in the Impressionist exhibitions in Paris. Closely associated with Degas, Monet and Renoir, in later life she became a celebrated collector and patron. The show will travel to Boston and Washington in 1999; to Jan 10

OPERA
Lyric Opera of Chicago
 Tel: 1-312-332 2244
 www.lyricopera.org
 Ariadne auf Naxos: by R. Strauss. New production by John Cox, conducted by Robert Spano. Cast includes Deborah Voigt and Susan Graham; Nov 15, 17, 21

COPENHAGEN

EXHIBITION
Louisiana Museum of Modern Art, Humlebæk
 Tel: 45-4919 0719
 www.louisiana.dk
 Joan Miró: major retrospective comprising 140 paintings, drawings and sculptures, including works borrowed from the artist's family since the exhibition was shown in Stockholm over the summer; to Jan 10

EDINBURGH

OPERA
Edinburgh Festival Theatre
 Tel: 44-131-529 6000
 ● Scottish Opera: Tristan und Isolde, by Wagner, in a production by Yannis Kokkos, directed here by Peter Watson and conducted by Richard Armstrong. Cast includes Jeffrey Lawton and Eva-Maria Bundschuh; Nov 17, 21
 ● The Magic Flute: by Mozart. Scottish Opera production by Martin Duncan, conducted by Richard Farnes; Nov 18, 20

FRANKFURT

EXHIBITION
Schirn Kunsthalle
 Tel: 49-69-299 8820
 Alberto Giacometti: retrospective of work by the Swiss sculptor and painter. Also featuring prints and drawings, the exhibit charts Giacometti's artistic output from his early years in 1920s Paris to his death in 1966; to Jan 3

HELSINKI

DANCE
Finnish National Ballet
 Tel: 358-9-403 021
 Giselle: staging by Sylvie Guillem, with sets and costumes by Ramon B. Ivers. Conducted by David Garforth; Nov 19, 20



Mistress of Ludovico il Moro, Cecilia Gallerani is the probable subject of Leonardo da Vinci's portrait, 'Lady with Ermine'. The painting will be moving from Rome to Milan's Pinacoteca di Brera this week

EXHIBITION
Museum of Contemporary Art
 Tel: 358-0-173 361
 Bruce Nauman: spanning the career of the American artist, b.1941, this exhibition focuses on his relationship with language, and includes sound and video installations as well as neon pieces like One hundred live and die (1984); to Jan 24

HOUSTON

EXHIBITION
Museum of Fine Arts, Houston
 Tel: 1-713-639 7750
 www.mfah.org
 A Grand Design: The Art of the Victoria and Albert Museum. North American tour of selected objects from the V&A's collection. Consists of 250 works of art ranging from Leonardo da Vinci's notebooks to shoes by Vivienne Westwood, presented in sections which address changes in the institution's collecting policy. The exhibition will travel to San Francisco next year, before returning to London where it will be displayed in the V&A itself; to Jan 10

HUDDERSFIELD

CONCERT
Huddersfield Contemporary Music Festival
 Tel: 44-1484-430 528
 University of Huddersfield Symphony Orchestra: and Symphonic Wind Orchestra conducted by Barrie Webb and Phillip McCann in works by Tüül, Torke, Cutler and Meij. With saxophone soloist James Fieldhouse; St Paul's Hall; Nov 18

OPERA
Huddersfield Contemporary Music Festival
 Tel: 44-1484-430 528
 Opera North: The Nightingale's to Blame. World premiere of a new opera by Simon Holt, based on a play by Lorca, translated by David Johnston. The conductor is Nicholas Kok and the staging is by Martin Duncan; Lawrence Batley Theatre; Nov 19, 21

LONDON

CONCERT
Barbican Hall
 Tel: 44-171-638 8891
 London Symphony Orchestra: Michael Tilson Thomas conducts a series of works by Stravinsky; Nov 15

DANCE
Sadler's Wells
 Tel: 44-171-863 8000
 Rambert Dance Company: Cruel Garden, by Lindsey Kemp and Christopher Bruce. Evocation of the life and work of Federico Garcia Lorca, set to music by Carlos Mirand, performed by London Music; Nov 14

EXHIBITIONS
Barbican Centre
 Tel: 44-171-638 8891
 www.barbican.org.uk
 Cindy Sherman: retrospective tracing the New York-based artist's development from the 1970s to the present. Consisting of 156 works, this show presents selections from each of

her major series, including Untitled Film Stills (1977-80), Centrefolds (1981) and Fairy Tales (1985). The exhibition will travel to Bordeaux, Sydney and Toronto; to Dec 13

Royal Academy of Arts
 Tel: 44-171-300 8000
 ● Picasso: Sculptor and Painter in Clay. This first major exhibition of Picasso's ceramics will include around 100 pieces, many of which have never before been exhibited. They will be shown with some paintings and sculptures, demonstrating how Picasso developed his ideas across different media; to Jan 1
 ● The Au Bak Lung Collection: 100 Masterpieces of Imperial Chinese Ceramics, 12th to 18th Centuries. Includes works from the Song, Yuan, Ming and Qing dynasties, which together provide a remarkable overview of the finest Chinese porcelains ever made; from Nov 17 to Dec 20

Victoria and Albert Museum
 Tel: 44-171-938 8500
 ● Aubrey Beardsley: more than 200 drawings, prints, posters and books created during the brief period of the artist's fame. The exhibition, which arrives in London after touring in Japan, marks the centenary of Beardsley's tragically early death, aged 25; to Jan 10
 ● Grinling Gibbons and the Art of Carving: drawings, carvings and religious reliefs are displayed alongside the Cosimo panel, commissioned by Charles II and the woodcarver's masterpiece. The exhibition also aims to present some historical context; to Jan 31

OPERA
English National Opera, London Coliseum
 Tel: 44-171-632 8300
 Boris Godunov: by Mussorgsky. Conducted by Paul Daniel in a new staging by Francesca Zambello, with sets by Hildegard Bechtler. John Tomlinson sings the title role; Nov 14, Nov 18, 20

LOS ANGELES

OPERA
L.A. Opera, Dorothy Chandler Pavilion
 Tel: 1-213-972 8001
 www.laopera.org
 Falstaff: by Verdi. Revival conducted by Gabriele Ferro in a staging by Stephen Lawless, with sets by Hayden Griffin; Nov 14

MARTIGNY

EXHIBITION
Fondation Pierre Gianadda
 www.gianadda.ch/index.html
 Paul Gauguin: retrospective: organised to mark the gallery's 20th anniversary. More than 100 works have been borrowed from public and private collections from around the world; to Nov 22

MILAN

EXHIBITION
Pinacoteca di Brera
 La Dama con l'Ermine: Leonardo da

Vinci's 1489 portrait of the young mistress of Ludovico il Morotravels to Italy for the first time since 1800, when it was purchased by the Polish Prince Czartoryski; from Nov 19 to Dec 13

MUNICH

CONCERT
Philharmonie Gasteig
 Tel: 49-89-5481 8181
 Orchestre National de France: conducted by Charles Dutoit in works by Fauré, Ravel and Dvorák. With piano soloist Jean-François Heisser; Nov 18

EXHIBITION
Haus der Kunst
 Tel: 49-89-211270
 Lyonel Feininger (1871-1956): From Gelmoroda to Manhattan. First comprehensive retrospective of the German-American painter, who was forced to leave Germany during the 1930s and subsequently worked in New York. The 120 works on display include important public and private loans, and paintings by some of Feininger's contemporaries; to Jan 24

OPERA
Bayerische Staatsoper
 Tel: 49-89-2185 1920
 www.staatsoper.bayern.de
 Der Freischütz: by Weber. Conducted by Zubin Mehta in a new production by Thomas Langhoff, with designs by Jürgen Rose. Cast includes Petra-Maria Schützler and Peter Seifert; Nov 15, 19

NEW YORK

CONCERTS
Avery Fisher Hall, Lincoln Center
 Tel: 1-212-875 5030
 www.lincolncenter.org
 ● New York Philharmonic: conducted by Colin Davis in works by Berlioz, Martin and Mahler. With soprano Inger Dam-Jensen and bass-baritone Thomas Quasthoff; Nov 14
 ● New York Philharmonic: conducted by Christian Thielemann in R. Strauss's Alpine Symphony; Nov 18

EXHIBITIONS
Guggenheim Museum
 Tel: 1-212-423 3500
 www.guggenheim.org
 1999, Rendezvous: in their holdings of artworks from 1900 to 1945, the Guggenheim and the Centre Georges Pompidou are remarkably similar, with one often owning a preliminary study for a painting in the collection of the other. The closure of the Musée national d'art moderne for renovation has created the unique opportunity for this exhibition, which brings together related works by the same artist, or works by different artists on the same theme. The display, which seeks to highlight differences as well as similarities between the collections, includes works by Picasso, Matisse, Kandinsky and Chagall; to Jan 24

Guggenheim Museum SoHo
 Tel: 1-212-423 3500
 www.guggenheim.org
 Premises: Invested Spaces in Visual Arts, Architecture & Design from France, 1958-1988. Exploration of the

different ways in which artists have engaged with space. Display ranges across installation, film, video, photography and architecture. Includes works by Yves Klein, Le Corbusier, Louise Bourgeois and Sophie Calle; to Jan 10

Metropolitan Museum of Art
 Tel: 1-212-879 5500
 www.metmuseum.org
 ● From Van Eyck to Brueghel: Early Netherlandish Paintings. Almost 100 paintings from the collection, exhibited together for the first time; to Jan 3
 ● Heroic Armour of the Italian Renaissance: Filippo Negroli and His Contemporaries. Comprehensive survey of the classically inspired armour made by the most celebrated Italian armourer of the 16th century. Includes more than 60 richly decorated suits of armour, worn by Renaissance kings and captains. Includes public and private loans from Europe and North America; to Jan 17
 ● Letters in Gold: Ottoman Calligraphy from the Sakıp Sabancı Collection, Istanbul. 70 objects ranging from the 15th to the 20th century. Includes manuscripts, panels and scrolls; to Dec 13

Whitney Museum of American Art
 Tel: 1-212-3272801
 Mark Rothko: major retrospective of the American abstract artist, including loans from Europe and Japan. The 100 works on display encompass all phases of Rothko's career, from the late 1920s to 1970, with an emphasis placed on the so-called surrealist and classic periods; to Nov 29

OPERA
Metropolitan Opera, Lincoln Center
 Tel: 1-212-362 6000
 www.metopera.org
 Le Nozze di Figaro: by Mozart. New staging by Jonathan Miller, with designs by Peter Davidson. The cast is headed by Felicity Lott, Cecilia Bartoli and Bryn Terfel, and the conductor is James Levine; Nov 14, 18, 21

OTTAWA

EXHIBITIONS
National Gallery of Canada
 Tel: 1-613-960 1985
 Songs on Stone: James McNeill Whistler and the Art of Lithography. Previously seen in Chicago, around 200 works by the American expatriate, including drawings, etchings and paintings; to Jan 3

PARIS

EXHIBITIONS
Convent des Cordeliers
 Tel: 33-1-4046 0547
 S'asseoir au XXe siècle: display devoted to the evolution of the chair, including major examples of 20th century design; to Dec 17

Grand Palais
 Tel: 33-1-4413 1730
 Lorenzo Lotto: Rediscovered Master of the Renaissance. 50 paintings, many of them on loan from churches and museums in Italy. The exhibition will have been seen in Washington and Bergamo; to Jan 11

Musée d'Orsay
 Tel: 33-1-4049 4814
 www.musee-orsay.fr
 ● Millet/Van Gogh: display of 85 works brought together to demonstrate the influence of Millet on the work of Van Gogh. These include paintings, drawings and pastels by both artists, many of them on loan from the Van Gogh Museum in Amsterdam; to Jan 3
 ● Stéphane Mallarmé (1842-1898): retrospective exploring the work of the French Symbolist poet, and his influential relationships with his literary and artistic contemporaries; to Jan 3

Musée du Louvre
 Tel: 33-1-4020 5151
 www.louvre.fr
 Portraits from Roman Egypt: touring exhibition of mummy portraits, which originated at the British Museum. Painted on wooden panels, linen shrouds and plaster masks, they were created during the first three centuries of Roman rule in Egypt; to Jan 4

PHILADELPHIA

EXHIBITION
Philadelphia Museum of Art
 Tel: 1-215-763 8100
 www.philamuseum.org
 Delacroix: The Late Work. Organised to celebrate the 200th anniversary of the artist's birth, this exhibition, first seen in Paris, includes 70 paintings and 40 works on paper from collections around the world; to Jan 3

PORTO ALEGRE

EXHIBITION
Various venues
 Mercosul Biennial of Visual Arts: retrospective of Latin American art comprising works by 200 artists from seven countries: Brazil, Uruguay, Argentina, Paraguay, Bolivia, Chile and Venezuela. Held in 11 locations around the city, the works are grouped under three headings: Constructive, Political and Cartographic; to Nov 30

ROME

EXHIBITIONS
Palazzo del Quirinale
 La Dama con l'Ermine: Leonardo da Vinci's 1489 portrait of the young mistress of Ludovico il Morotravels to Italy for the first time since 1800, when it was purchased by the Polish Prince Czartoryski; to Nov 14

Palazzo delle Esposizioni
 Tel: 39-06-474 5903
 Valori Plastici: taking its title from that of a short-lived magazine published by Roman art dealer Mario Broglio, who managed such names as De Chirico, this show includes sculpture and paintings, mainly by Italian artists, but also including little-known works by Picasso, Klee and Grosz; to Jan 18

Palazzo Ruspoli
 Tel: 39-6-6630 7344

www.palazzoruspoli.it
 The Denis Mahon Collection: last stop for the touring exhibition of more than 80 Italian baroque paintings collected by Denis Mahon. Includes works by Guercino; to Jan 15

SAN FRANCISCO

CONCERTS
Davies Symphony Hall
 Tel: 1-415-864 6000
 www.sfsymphony.org
 ● Kirov Orchestra: conducted by Valery Gergiev in works by Wagner and Scriabin. With piano soloist Alexander Toradz; Nov 17
 ● San Francisco Symphony Orchestra: conducted by Herbert Blomstedt in works by Mozart and Bruckner. With piano soloist Peter Serkin; Nov 14
 ● San Francisco Symphony Orchestra: conducted by Herbert Blomstedt in works by Britten, Beethoven and Hindemith. With violin soloist Frank Peter Zimmermann; Nov 18, 19, 20, 21

EXHIBITION
San Francisco Museum of Modern Art
 www.sfmoma.org
 Alexander Calder (1898-1976): around 250 works, among them some of the best examples of Calder's formally innovative sculpture. Alongside the mobiles and stabiles are selected paintings, drawings and jewellery, the intention being to present the breadth of the artist's career on the occasion of the centenary of his birth; to Dec 1

OPERA
San Francisco Opera, War Memorial Opera House
 Tel: 1-415-864 3330
 www.sfoopera.com
 ● Don Carlos: by Verdi. Conducted by Emmanuel Joel in a staging by Emilio Sagi, with designs by Zack Brown. Cast includes Anthony Michaels-Moore; Nov 14
 ● Norma: by Bellini. Conducted by Patrick Summers in a staging by Andrew Sinclair, with sets by José Varona. The title role is sung by Carol Vaness; Nov 15, 16, 21

STOCKHOLM

EXHIBITIONS
Moderna Museet
 Tel: 46-8-5195 5200
 www.modernamuseet.se
 ● In Visible Light: Photography and Classification in Art, Science and the Everyday. Traces the evolution of photography from its anthropological and scientific applications in the late 19th century to works by artists including Andy Warhol and Cindy Sherman; to Nov 15
 ● The Desiring Eye: 220 works spanning the history of photography, from the 1840s to the present. Includes works by Hill-Adamson, Julia Margaret Cameron, Nadar, Alfred Stieglitz, Man Ray and Berenice Abbott; to Nov 15

TAKAOKA

EXHIBITION
Takaoka Municipal Art Museum
 The Carmen Thyssen-Bornemisza Collection: touring show of 84 paintings, ranging from the 18th century to the early 20th. Highlights include 19th century Spanish works and works by American painters. Also on display are recently acquired works by Delaunay and Braque; to Nov 15

TOKYO

CONCERTS
Suntory Hall
 Tel: 81-3-3584 9999
 ● Orchestre de Paris: conducted by Georges Prêtre in works by Mussorgsky, Debussy and Ravel; Nov 15
 ● Orchestre de Paris: conducted by Georges Prêtre in works by Bizet and Berlioz; Nov 16
 ● Tokyo Symphony: conducted by Naoto Ohnomo in works by Mathias, Mozart and Elgar. With flute soloist Emmanuel Pahud; Nov 14

EXHIBITION
Metropolitan Museum of Photography
 Tel: 81-3-3280 0031
 Love's Body: Rethinking Naked and Nude in Photography. Includes works by Alfred Stieglitz, Robert Mapplethorpe and Catherine Opie; to Jan 17

WASHINGTON

EXHIBITION
National Gallery of Art
 Tel: 1-202-737 4215
 www.nga.gov
 Van Gogh's Van Goghs: 70 paintings loaned by the Van Gogh Museum in Amsterdam. Includes such icons as The Potato Eaters (1885), Self-Portrait as an Artist (1888), The Harvest (1888) and Wheatfield with Crows (1890); to Jan 3

OPERA
Washington Opera, Kennedy Center
 Tel: 1-202-295 2400
 www.dc-opera.org
 Fedora: by Giordano. Conducted by Roberto Abbado in a production by Lamberto Puggelli, directed here by David Edwards, and designed by Luisa Spinelli. The cast is led by Mirella Freni and Plácido Domingo; Nov 14, Nov 17, 20

ZURICH

EXHIBITION
Kunsthaus Zurich
 Tel: 41-7-251 6765
 Max Beckmann and Paris: more than 100 masterpieces of modern art from public and private collections around the world. Works by Beckmann are shown alongside paintings by Matisse, Picasso, Braque, Léger and Rouault; to Jan 3

Arts Guide by Susanna Rustin
 e-mail: susanna.rustin@ft.com
 Additional listings supplied by Artbase: tel: 31-20-864 6441 e-mail: artbase@pl.net

Weekend Investor

Wall Street

An invitation too tempting to refuse

Optimism is back, writes John Authers, as he dials up an internet experience

Ready for romance? Love is in the air at the City of Love. Pucker up and join interest groups such as Harmless Flirts or Soul Mates. If you are feeling daring, slip into the Hot Tub chat room.

This is the greeting you will receive if you go to www.theglobe.com on the internet. Judging by yesterday's events, investors find the invitation mightily enticing.

Theglobe.com intended to go to market earlier this year, but abandoned the attempt amid the market collapse of late summer. This week, with a rebound fully under way, it finally got there.

Its offer price yesterday was \$8. Buying was heavy. By mid-morning, shares were changing hands for \$97, an increase of 866 per cent. The company that Wall Street's finest were falling over themselves to buy operates a series of online communities, mostly centring around lifestyles. It makes it easy for people to chat and also offers a service to design web pages.

You can receive "advice for the lovelorn" from Lola, "theglobe.com's resident love goddess", while a clever PC to telephone account is advertised under the heading "Phone sex just got cheaper".

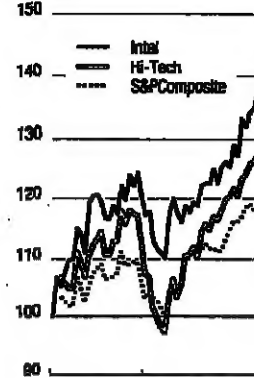
Theglobe.com is suffused with the quirky energy and inventiveness that the internet has fostered. But can it possibly be worth as much as investors seem willing to pay?

It was encouraged to take the plunge by the first initial public offering (IPO) of an internet stock since the downturn in share prices gained momentum in August.

A company called EarthWeb came to the market on Tuesday and its shares rose 240 per cent on its first day of trading. From a start of \$14 on Wednesday morning, it reached \$89 1/2 by the close on Thursday. In the first hour of trading yesterday, it gained another 20 per cent.

EarthWeb only narrowly failed to beat the record for the best performance ever by an IPO at launch - which now appears to have been shattered by theglobe.com.

Tech stocks back on a high
Share price and indices
Revised



Source: DataStream/FT

Company or sector performance
% change since October 31 1998

Data General	117.5
Micron Tech.	103.0
Oracle Corp.	65.2
Sun Microsystems	54.9
SCOM	47.8
Intel	44.2
IBM	40.2
Dell Computer	38.4
Gateway 2000	19.7
Cisco Systems	18.4
Microsoft	12.4

These flotations show that the internet's glory days are back. Valuations were called into question during August, but the market's enthusiasm for the web now seems to be back with full force. It is, however, part of an overall rally in technology stocks. Since August 31, when the Dow Jones Industrial Average dropped 500 points to hit a low for the year, the market has recorded one of the most spectacular rallies in its history.

As of yesterday morning, the Standard & Poor's 500 was up 16.76 per cent since the end of August. Over the same period, the S&P index of technology stocks, the motor of the bull market from 1996 to 1997, had gained 27.3 per cent. Three big technology companies - Data General, Advanced Micro Devices, and Micron Technology - doubled in that period.

Deeper analysis shows two fundamental trends at work. Both show that the horrors of August and September are over, although they do not necessarily show that the market is firmly on the way back to sunlit uplands.

The froth around the internet flotations proves that raw, naked confidence has returned, having disappeared for a few weeks. But the recovery of hardware companies, on the other hand, shows that the market now believes there has been a genuine improvement in the fundamentals for what is now a large and established cyclical industry.

Intel, the world's largest semiconductor manufacturer, set a new high this week - its first since the middle of last year. Late in 1996, it had overtaken Microsoft to become the second largest company in the US by market capitalisation. Since then, it had been dragged down by fears of cheaper competition. The argument was that the growth in personal computers was nearing an end and the silicon chip industry would now start to obey the laws of the business cycle. But, this week, Intel issued a bullish forecast, making clear it thought business conditions had improved.

This week, too, the Semiconductor Industry Association predicted the industry would log sales growth of 9.1 per cent next year, taking revenue to \$133.4bn. This would be "led by a surge in memory chips, microprocessors and digital signal processors". As the growth cycle gathered momentum, it added, "sales should then increase by an additional 15.2 per cent in 2000 and by 18.2 per cent in 2001".

That would mean 42 per cent growth in three years. If accurate, this forecast is good reason to pay more now for semiconductor stocks. But, as the internet stocks demonstrated only too clearly, a lot of optimism has been priced back into the market.

Dow Jones Ind Average

Monday	8,897.96	-77.50
Tuesday	8,893.96	-33.98
Wednesday	8,823.82	-40.16
Thursday	8,829.74	+5.92
Friday		

Script with too many twists

London

Philip Coggan thinks Footsie has lost the plot

A good film noir has sophisticated characters, snappy dialogue, and a couple of twists in the plot which reveal that the audience's initial impressions were mistaken. But it is a delicate balance: the director has to twist the plot enough to keep the viewers interested, but not so much that the story becomes ridiculous.

Whoever is writing the script for this year's UK stock market saga is pushing his luck too far. *Double Indemnity* we can accept but *Quadruple Indemnity* is overdoing it.

We have seen the phenomenal rise of the first half, the sharp decline from mid-July to early October, and the rebound that took the FTSE 100 index almost 1,000 points higher in a month. Now, the market is retreating once again.

The reason for the downturn has been the steady drip, drip of bad corporate

news in almost every sector. Six small companies released profit warnings on Thursday alone; Reckitt & Colman released a downward trading statement yesterday.

The market is caught between fears of earnings disappointments and the stimulus being imparted by the Bank of England and other central banks as they cut interest rates to head off the threat of recession.

Peter Chambers, head of active equities at Gartmore Investment Management, thinks the UK stock market has passed its low point, but adds: "The benefits, in terms of higher share price returns, which the UK is expected to reap from the current phase of monetary easing are unlikely to match those of previous economic cycles."

He cites a number of reasons, including the speed with which the Bank has cut rates before a recession has begun; the reduced scope for

rates to fall compared with previous cycles; and the lower gearing of UK corporates, which means they will benefit less from lower debt costs this time round.

But the rapid gyrations of the market may make it seem as if it is hopeless trying to time the market at all. Certainly, that is the view of Simon White, head of investment trusts at Dresdner RCM Global Investors.

White points out that £100 invested in the UK market in January 1985 would have become £15,121 by the end of October this year. But without the best 10 weeks during that period, the same sum would have grown to just £5,189.

Since 1980, the respective figures are £2,814 and £1,493, without the best weeks. That shows you can pay a heavy penalty for being out of the market; the week beginning October 19 this year was the sixth best since 1980.

If timing the market is difficult, what about spotting sectors that are over- or under-valued? Institutions spend a lot of time looking for the sectors that will outperform: being right on banks in 1997, for example, made all the difference to portfolio performance. In theory, the kind of volatility seen in markets recently should be throwing up the kind of opportunity for value investors that was not apparent in the momentum-driven markets of 1995 to mid-1996.

One obvious value-driven approach is to look for those sectors with a lower than average price-earnings ratio and higher than average dividend yield, and avoid those sectors with the opposite characteristics. But that does not get us very far. Many sectors are almost permanently on a premium or discount to the market because of their fundamental strengths and weaknesses.

The answer is to take the process to another stage and look for those sectors that are at a historic extreme in valuation terms - say, over the past five years.

Of course, markets are not completely irrational, so sectors are at a discount or premium for a reason; investors are expecting some bad or good news, which explains the rating.

The ideal is to find sectors with a low rating but where the market (represented by the consensus forecasts in the Estimate Directory) is still looking for decent earnings growth in 1999, equal to or above the market rate.



Will the story become ridiculous?

Source: DataStream/FT

While the forecast for earnings growth across the market (12.1 per cent) is undoubtedly too high, it seems reasonable to assume that relative forecasts (one sector versus another) are roughly accurate.

The bad news is that cheap sectors are now impossible to find. Where, only a few weeks ago, there were three - leisure, chemicals and engineering - which fit all the criteria, recent downgrades to forecasts mean they are no longer expected to achieve the necessary earnings growth.

But there are two sectors that look over-valued. Food manufacturing is close to a five-year p/e relative high and a five-year dividend relative low. The telecoms sector, also, is close to a five-year p/e relative high and a dividend yield low. Both sectors' earnings are forecast to grow at a sub-market rate.

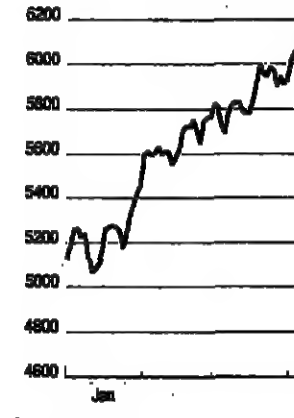
They owe their relative strength to different reasons: food manufacturing for its defensiveness (and a praise of the management skills of the sector's biggest companies, Unilever and Cadbury) and telecoms for its growth. But the food sector might find its margins coming under pressure from the big supermarkets if the UK slips into recession (although Cadbury and Unilever will be protected by their international spread).

And the telecoms sector might simply be overpriced; it trades on a p/e of 39 thanks to the presence of speculative stocks such as Colt Telecom.

philip.coggan@ft.com

Looking towards the next high?

FTSE 100 Index



Source: DataStream/FT

Highlights of the week

	Price	Change	52 week	52 week
	y/day	on week	High	Low
FTSE 100 Index	5463.2	-27.8	6178.0	4548.7
Booker	68 1/2	-0.5	360	59 1/2
B&A Am Tobacco	519 1/2	+25 1/2	543	329 1/2
Cable & Wireless	88 1/2	+25	863	487 1/2
Cobham	807 1/2	+29 1/2	1247 1/2	585
Express Dairies	164	+24 1/2	185 1/2	111 1/2
GN	57	-7 1/2	520	520
JJB Sports	212 1/2	-25 1/2	825 1/2	180
Luxcel	189 1/2	-9 1/2	285	188
Marlowe	448	+41 1/2	563	357 1/2
Marlowe Thompson	242 1/2	+9 1/2	380 1/2	169
Mitsui	285	-5 1/2	744 1/2	300
PC International	93 1/2	+19 1/2	225 1/2	91
Severn Trent	1110	+104	1175	965
United Overseas	25	-2 1/2	124	25

Barry Riley

Apocalypse delayed

Dr Duhm will not always be wrong



After this, my week could only get better. It was the most cheerful thought I could muster as I trudged to a meeting with Dr Mortimer Duhm, the father of all bears, who hates porridge and will happily eat Goldilocks for breakfast instead. He was in town promoting his new book, "Duhm on Doom".

The bald head seemed even shinier than before, and the eyes just as glassy. "I hope you can rush out a Japanese edition," I remarked. "You never know, you could cash in on the new Japanese free shopping vouchers. Otherwise, you seem to have just missed the bear market in the US and Europe. It finished six weeks ago."

Mort is easily provoked. He made the sort of sound that used to be rendered in cheap novels as "pschaw" before they started using ruder words instead. "A month!" he snapped. "That's just a fluctuation. Both 1997 and 1998 have seen big setbacks. They may have been short-lived, but they gave a warning of what is to come."

He flipped open the book, which seemed to be full of charts comparing recent movements of the Dow Jones Industrial Average with what happened on Wall Street in the 1920s and Tokyo in the 1980s. There were a lot of red arrows pointing downwards. "This is the last chance to sell," he hissed. "The recent rally has obviously nothing to do with a real economic recovery. Asia is still in a mess and commodity prices remain on the floor."

"I'll tell you what's really been happening," barked Duhm. "We've seen the final desperate throw of the politicians. It was essential to manipulate Wall Street higher in order to rescue the chances of the Democrats in the mid-term elections. Late in September, things looked desperate for them."

"So the Federal Reserve was told to rescue the hedge funds and push through an interest rate cut on October 15. As their side of the deal, the hedge funds had to agree to buy the stock market aggressively. And I have to admit that it worked brilliantly. The market rose 17 per cent in just a month."

We had all heard the conspiracy theories, I said, without having to believe them. It was true that no very satisfactory explanation had been offered for the timing of that cut, other than mumbo-jumbo about normalising the spreads in the asset-backed securities markets. As for President Clinton's mysteriously restored popularity, a plausible explanation would indeed be "it's the stock market, stupid". But the US economy was undoubtedly very robust.

"All an illusion," snapped Duhm. He flicked over more pages of charts. "Look! The American economy is getting into exactly the same mess that Thailand did two years ago."

"Over-consumption and negative personal savings are reflected in a huge external deficit. Foreigners are accumulating dollars at the rate

of \$1bn every working day. Soon, they will decide they can't take any more, and it will happen quite suddenly. One day a miracle - the next, a disaster." There came that rare event - a Duhm smile.

I would agree, I said, that the launch of the euro was posing a dangerous challenge for the dollar. There was a new opportunity for global investors to diversify their currency risks without greatly sacrificing liquidity. East Asian institutions, in particular, were planning to take advantage of it. At the same time, European central banks would be merging their reserves and they would find they had a big surplus of dollars.

Now, Duhm positively grinned. "Imagine the potential turnaround in sentiment," he said. "Everybody assumes that dollar interest rates will fall, some say as early as next Tuesday, this time at the regular Fed meeting. But what if, early next year, the dollar crashes? At some point, the Fed would have to raise interest rates. The International Monetary Fund would advise a squeeze, like they imposed on Thailand, Indonesia and the rest - although, of course, in this case, the IMF won't be asked for its opinion. If the US authorities don't tighten policy, a jump in import prices and a stock market collapse will do it for them. The effect will be eventually to rebalance the economy through a fall in consumption and a rise

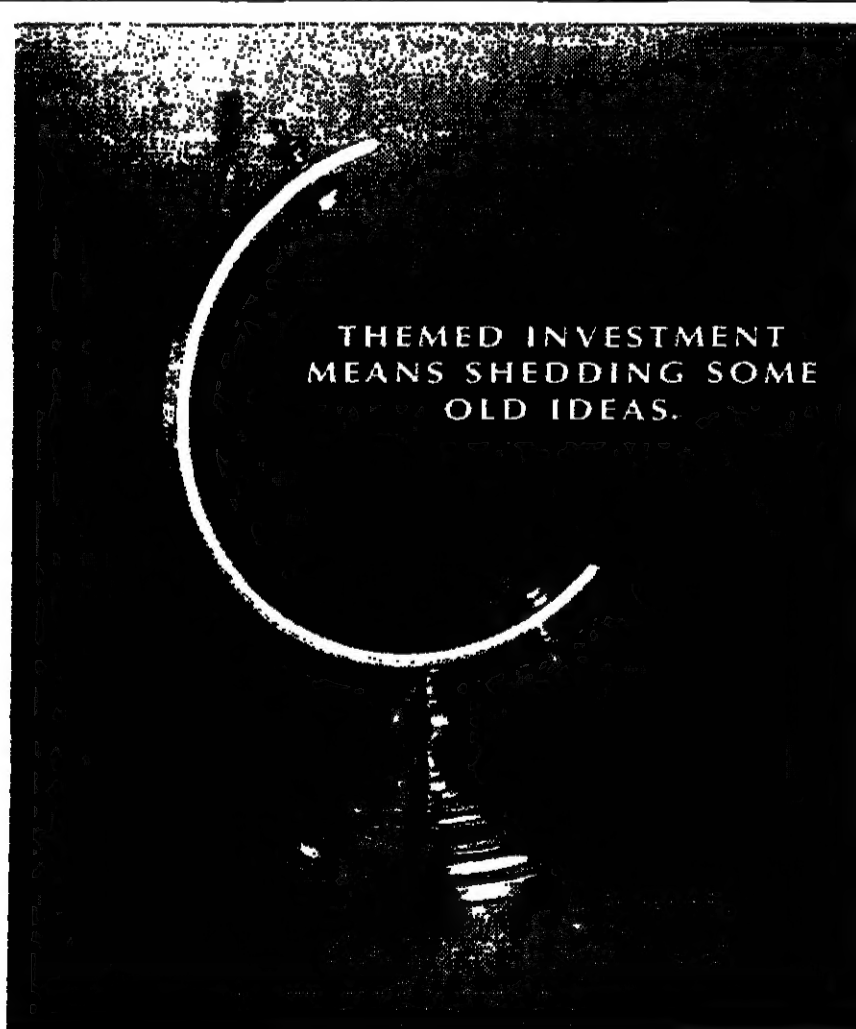
in savings."

But judging by this week's development, I observed, the Americans could rescue the dollar just by bombing somebody. Anyway, Mort Duhm had been wrongly forecasting an imminent US economic crisis for years. It was misleading to compare the US with Indonesia. Surely the point about the US trade gap was that the US was helping to satisfy the world demand for savings. High consumption by Americans was essential to keep the global economy healthy.

To suggest the US should aggravate a global savings surplus by slowing its economy was bizarre. And, in spite of the collapse in household savings, the level of capital investment in the US was actually very high, thanks to healthy profits and those imported savings.

"Ftschaw!" snapped Duhm. "Then, if the US escapes Thailand's fate, it is heading straight towards a Japanese-style overcapacity disaster. In the 1980s, Japan could do nothing wrong, but then the bubble burst. Capital had been squandered on unprofitable projects. Now, profitability is about to tumble in the US. That's why investors are chasing the internet sector where there are no profits to be squeezed."

One day, no doubt, Duhm will be right - but maybe only by the laws of chance. As for the book, it is coming out just in time for the Christmas gift market. It could be the ideal present for the stockbroker who put you into Booker.



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*Source: Standard & Poor's Bloomberg. As at 01/11/98, assets of +£5.2m since launch on 01/08/96. FTSE 100 Index = 5463.2. Offer to buy gross income increased, offshore transfers global equity assets. Best performance is not a guide to the future. The price of units may go down as well as up and as a result the investor may not get back the amount originally invested. The level of income may vary. Fluctuations in value. Currency movements may also affect the value of the investment. The Fund is subject to an initial charge of up to 5%. This advertisement has been approved by Sarasin Investment Management Ltd, Sarasin House, 17-19 St Andrew's Hill, London EC4A 3DD. (company registered by 3400)

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ET WEEKEND

True Fiction / Malcolm Burgess

On the unsung stairway to heaven

In every big city, in every nation, on every planet there are simple people, good people, leading anonymous lives yet deserving great recognition.

Some display courage and bravery in the face of enormous adversity, others have struggled to overcome the most appalling handicap or setback. If there were enough saints to go round, they would surely all be canonised.

In naming names - and perhaps yours is among them - I run the risk of leaving out some even more worthy candidates for honorary sainthood. But there are a few I feel bound to short-list.

"Saint" Simon of Stoke Newington is one. Ever since he was a struggling young actor, Simon has wanted to be a leading member of the Royal Shakespeare Company. Now, his dream come true, he is playing the part of Hamlet before packed audiences.

Nothing saintly about that, you say? Let me tell you about the weekly matinee performance

for schools. Nothing he learnt at Rada, or in the darkest days of his first Edinburgh Festival, could have prepared him for the terror of hearing row upon row of schoolchildren, some even still in their uniforms, begin their massed rendition of "Why are we waiting?" with flaccid threats from carers, formerly known as teachers.

Communal giggling always greets his first appearance on the battlements with pointed comments about various parts of his anatomy. And it doesn't take them long either to work out that by using watches to reflect the lights they can temporarily blind him. Every week it happens.

He has just about got used to the auditorium's loud "y-e-e-n-n-r-r-r-g-g-g-h-h-h" when he kisses Horatio and later when they

share the same glass, but is still considerably shaken in every performance when he sees the Mexican wave that repeatedly grips the audience during his "To be or not to be" soliloquy.

Simon copes by willing himself to believe that he is on the stage of Shakespeare's mighty Globe Theatre before a motley crew of pustule-ridden, pox-covered, roaring boy groundlings. It works most of the time. For this record of extraordinary endurance he should be rewarded.

Father Christmas is already a saint, of course. But Dave, of Tooting Bec, is not. Dave has worked in the grotto of one of the world's biggest department stores for two Christmas seasons now. The first requirement of his job is to present a permanently cheerful front while submitting to serial

humiliation at the hands of little darlings and their dotting parents.

He has to have ready answers for the obvious questions: "Where do you come from?" "What are your reindeer called?" And the not-so-obvious: "Why do you buy your wrapping paper at Happy Shopper? Does your beard burn?"

One foot wrong and a child could be scarred for life - Dave could be back demonstrating left-handed potato-peelers.

All he will say of his beatification nomination is "ho-ho-ho" and that it's nice for once to be on a pedestal that isn't made of polystyrene and covered with cotton wool.

Saintly Jean of Gants Hill is tourist development officer for

Ilford, a London suburb on the less popular eastern fringe. Before this she worked in Croydon and Peckham with the same mission, preferring to speak of strategic plans rather than lost causes.

Jean refuses to be negative. She wishes people to be inspired, for example, by the fact that actor Kenneth More and former EastEnders star Sean MacGuire were either born or lived here and how their visions caught the spirit of the place.

She cites Ilford as the "Barcelona of the North" and effuses over the synergy of its Labour MPs. She speaks passionately, too, of the Irish government offering tax breaks for filmmakers. Lottery grant forthcoming, she plans an annual film festival.

While refusing the appellation "Mrs Ilford", Jean would reluctantly accept her sainthood if it gained more publicity for Ilford. St Ian of Dollis Hill is the policeman who stands outside Buckingham Palace - in all weathers. His great suffering comes from the countless tourists who arrive expecting the Queen or a stand-in Windsor (he has even been asked about Barbara - several times) to stand on the balcony and wave.

He has to hide feelings of mirth or pity when overhearing zealous visitors claiming to have seen a glimpse of something moving behind a window and insisting it is Prince Philip telling the Queen to get ready.

Cyclists in cities are simultaneously saints and sinners. Environmentally friendly, some can be extremely unfriendly to

anyone who gets in their way, regardless of rights and wrongs. And this is what makes Jane of Fulham, the cyclist attempting to navigate Hyde Park Corner, a saint in the making.

Jane has been cycling to her job in the West End for years and she enjoys the way it still surprises her stuffy colleagues.

But cycling in central London, especially traversing the dreaded Hyde Park Corner, is far from easy. All Jane will say is that she does it twice a day and that her saintliness is tested to the limit when she finds herself snatching obscene impressions.

Many apologies to the many saints not mentioned here. But all is not lost - we are already beginning nominations for next year's honorary sainthood shortlist.

True Fiction, the book

Don't miss True Fiction - the book. Containing 50 of the True Fiction columns, it is published by Penguin, price £7.99, and that's the truth.

Metropolis

Basting snowmen on a spit - eau how wonderful

Holly Finn bets her bottom dollar that you will be delighted by aquabatics in Las Vegas

There's something about water that sanitises gambling. It muses an American casino-builder a few years ago as he installed slot-machines in Bay St Louis and Biloxi, Mississippi.

It sounds like nonsense, but could there be some primordial truth to it? Does proximity to H₂O somehow take the grime out of gaming? If so, the casinos in Las Vegas - that landlubbery tract of neon in the Nevada desert - would appear to be out of luck.

Except, perhaps, Bellagio, the \$1.6bn Italianate hotel in Las Vegas which opened on October 16 to a great "ka-ching" sound heard around the world.

Thousands of people were transported via moving walkways from Las Vegas's main drag, The Strip, to Bellagio's 11-acre version of Lake Como. When its 1,000 fountains are on display, they span 1,000ft and leap as high as 300ft. The hotel has six pools as well, each with curved stone fountains in the middle.

Though scenic, it is not this aqua italiana that is most likely to redeem Vegas, however. (Nor is the much-touted \$300m worth of painting and sculpture in the Bellagio Gallery of Fine Art, or the hotel itself, which owner Stephen Wynn intended to be globally impressive, without, as he says, "looking like the Albert & Victoria Museum".)

What might just baptise The Strip is the newest surreal circus production by the French-Canadian troupe Cirque du Soleil, which will be performed nightly at Bellagio for the next decade. It is called "O", as in eau.

Before you is the biggest proscenium you have ever seen, with a huge pool where the stage should be. It holds 1.5m gallons of water, takes one day to fill and two days to heat to 86°F. It is 35ft

deep, 160ft long and 100ft wide.

The characters are from your wackiest dreams all gathered together, dressed in hand-painted Lycra suits and elaborate head-dresses flexing and flinging themselves around, above, into and out of the pool. If Freud, Barnum and Miró had got together for a glass of absinthe, this is what they would have come up with.

A trapeze artist descends from the ceiling, 145ft up, within a swirl of metal that looks like beautifully mutant DNA. Two clowns sail in on an iceberg, fish the moon out of the water, and hug it as they sail away. When they return later, they are basting a snowman on a spit.

An enormous steel-framed boat is suspended above the water, swinging left to right as 10 acrobats hurl themselves back and forth underneath it. A man reading a newspaper bursts into flames. A woman dives from 90ft. Synchronised swimmers, including Olympic gold medal winner Sylvie Fréchette, splash around, then submerge. Occasionally, characters attached to long trains of floaty red fabric - called "comets" - fly across the stage at 60 miles an hour.

You may have eaten kangaroo for lunch, walked the Great Wall, or then caught Sinatra in concert. I still dare you not to gasp at this.

Since Cirque du Soleil started in 1984, its shows have got to the guts of 17m people in 130 cities on three continents.

Nicola Conze, an American who has seen a number of Cirque performances, says: "First you think, how can I pay for everyone I know to see this? Then you think, how can I drop my life to be a part of it? I'll sell tickets, become an acrobat, whatever."

"O" is the only thing that could make Conze consider flying to Vegas. The show is a spectacle, but it's



The "O" show from Cirque du Soleil: spiritual, carnal, glorious but never sordid

less about sequins than about the subconscious. Music, alternately haunting and rousing, propels the performance.

But you won't find yourself humming show tunes on the way out. Gilles Ste-Croix, the former still-walker who is now Cirque du Soleil's director of creation, says: "I don't like musicals. To hear people singing what they think in their head bores me."

So, although the notes might be memorised, the words cannot be. Sounding like a version of Portuguese, sensual and suggestive, these lyrics are actually a sort of universal rhythmic gibberish, like a naughty Esperanto.

Ste-Croix and Franco Dragone, the writer/director who has directed 10 of Le Cirque du Soleil's 11 productions, want their audience to feel. They have no intention of forcing them to think. Dragone, who counts Dario Fo, Peter Brook and Federico Fellini as his heroes, says the story within "O" will emerge by itself.

There are only hints of a plot. Characters such as Eugen, the crazy, ageing theatre manager, and Guffa, the eager young Sicilian boy, reappear, but mostly the

show is a kaleidoscope of enticing images. It's up to you to focus. Says Dragone: "We are always choosing in life. We choose the story we want to invent, to believe in."

See "O" twice, and you see what he means. During the same act, if you look up you're watching merry-go-round horses slowly sinking into the water.

Acrobats spent months jumping into vats of polystyrene cubes

Look down, and you catch a character with 1970s bell-bottoms, a bare torso and a horse's head flitting his way across stage front like a rock star, or a man dressed in a cardinal-red coat and long black boots cracking a whip as he dominates the space in front of you.

It is not just the acrobatics, but the free-wheeling id that

makes you catch your breath. Behind all this throwing about of bodies is, of course, a lot of nitty-gritty. Back in Montreal, on the site vacated by the city's waste disposal depot, is Cirque du Soleil's nerve centre the Studio. It is a swish, open-plan, light-filled workplace where, among other things, casting is co-ordinated.

It is harder to become one of Cirque du Soleil's performers than it is to get into the Ivy League. In 1997, just 3 per cent of applicants - judged not just on acrobatics but on their potential for "artistry" - were accepted. Personality counts, too. The right mix of individuals in the troupe, and of acts in the show, is crucial. As Lynn Heyward, vice-president of creation, says: "You can't have too much cheesecake with a cream-based soup."

Here is where the acrobats come to train, spending between three and nine months jumping into practice vats of 25,000 polystyrene cubes, tapping into their artistic side, and learning, as trainer Patrice Aubertin says, that "a somersault is not just a somersault, and we're trying to do a little more than that."

Sets and props are built here, too, such as the PVC and rubber floor, with 6,000 holes per panel, that is designed to rise through the water, and sink back again, during "O".

Costumes are hand-made in the costume workshop, where a \$5 Lycra leaping suit is turned into an ornate ensemble worth, after dyeing and painting and embroidery, \$2,000. The costume-makers kept buckets of water handy, so every material used could be tested and guaranteed not to disintegrate or explode.

The extravagance of "O", which required a new line of underwater make-up and licensing of all 72 performers in scuba diving, makes sense for more than fanciful reasons. Cirque du Soleil's projected sales for 1999 are \$320m, an increase of almost 70 per cent over this year's.

There are 1,800 seats, at \$100 each, in the Bellagio Theatre where the show is performed. So who will sit in them, and why? In his 1965 essay *Las Vegas (What?)*, Tom Wolfe called the builders of the city "proles". In this autumn's issue of *Chance* magazine, Frank Fahrenkopf, president and chief executive of

the American Gaming Association, refers to people that gamble in places such as Vegas as "Joe Six-Pack". Are these sorry-soulsing people audience for "O"? Yes, and so are you. Whether or not you have a penchant for the Double Diamond Machine, or its high-finance equivalent, Vegas now has something else to offer. Like the bubbles released from "aquatic masking" - garden hose with millions of holes in it that disguises underwater movement - "O" is irrepressible. It gets to you.

You could say it's spiritual, you could say it's carnal. The stage manager of the show uses a "God" microphone for talking to those above water (and a "Nep-tune" one for communicating with performers below).

So what might have been aquatic chaos is made mind-blowingly beautiful.

Perhaps water has a sanctified effect, after all. Cirque du Soleil, it seems, has found a way to sell sex in Las Vegas as only a company with a French name could. Full of dunks and dives, the grabbing of hands and the writhing of limbs, "O" reveals look good rather than sordid.

Arcadia

The pigs railroaded into submission

Progress is coming to Hong Kong's New Territories. Louise Lucas reports

In a land where water buffalo used to roam, where bungalow-villages draped over ramshackle two-storey houses, and molten-gold sunsets shattered into dozens of trickling streams, a posse of civil servants came with bamboo plinths and a mandate to change the landscape for ever.

The civil servants strode into fields and posted 13-page notices advising landholders that they had three months to clear up and get out; progress, in the form of a railway, is coming to the more remote reaches of Hong Kong's rural New Territories.

The silent 60km-an-hour trains will connect the north-east New Territories with urban Kowloon and downtown Hong Kong Island, ultimately carrying half a million passengers a day.

More pertinently, for the swelling ranks of jobless Hong Kongers, construction of the new steel artery will create 13,000 jobs.

But the villagers are unimpressed. "How can the government be so cruel?" wails So Tung-hoi, soon to be retired pig farmer. They see themselves being dispossessed - of their homes, their businesses and their independence.

Negotiations with government over compensation have cranked to a sticky halt or become mired in labyrinthine bureaucracy as villagers are shuttled from one department to another - "Talk to Lands Department", "You'll need to speak to Agriculture and Fisheries first".

Frustration has mounted to boiling point for So and his wife.

"The government is treating us like dogs," he says, jabbing the air with his finger.

Two ancient neighbours, who will be forced back into the home they now let out (the income from which amounts to their pension), nod sagely and sorrowfully in agreement, the husband screwing up inchoate rheumy blue eyes.

So's house, set in the charmingly named Tin Sum Tsuen (heart of the country village), is his castle.

Outside is bucolic bliss in abundance - children on bikes, dogs yapping, green fields and swaying palm trees - but inside

he has amassed all the trappings of a modern urban lifestyle.

Japanese cartoon figures skitter across a 28in Sony television; below it nestles a three-deck Acer hi-fi system; nearby is a large Buddhist altar, with five blood-red light bulbs and several saucers bearing three oranges apiece.

And - because the Soss leave nothing to chance - portraits of Jesus and a dew-eyed Mary hang above the TV.

"It's my business they're taking away. I'm 50 years old - how can I get another job? Our children can't take care of us, they've got kids themselves. Just

10 more years - that's all I need with my pigs - then I can get social welfare," he says.

As a business, So's pigs have been good to him. Breeding boars imported from Australia and Taiwan at a cost of HK\$10,000 (\$780/apiece), are set to stud. His monthly income is HK\$45,000 - nearly five times the average salary. The price of meat has also rocketed in recent years.

But a forced sale, he reckons, will net him maybe only a fraction of what each pig is worth. He wants land as compensation from the government, but all his seven meetings have so far proved fruitless.

"I've put a lot of time and effort into these pigs," he says. He is up feeding them at 8am, mucking out and administering medicines and liaising with the butcher over which is next for the chop through until lunchtime. "But it's worth it, we enjoy our life and can earn quite a lot."

For a few more weeks, at any rate. The farmers' lobby in Hong Kong lacks the clout of its UK counterpart - as already witnessed by the mass January culling of chicken in the face of a bird flu scare.

And while villagers are putting up a fight, they are unlikely to stop the new train in its tracks.

"Our situation now is really poor because if the land is taken away we have to be beggars, because no one will employ us again. People who have worked in ordinary jobs cannot get work now, so how can we who are older and have run our own business?" asks So.

He cheers up momentarily as he tours his pigs - great fat sows suckling dozens of ravenous piglets, the boars lounging on their sides. Each of the 1,000 pigs is barred in its own concrete space, barely larger than the animal itself.

They give out great grunts that sound like primal sighs; the stench in the low-roofed garage is ghastly and cowbods as thick as ropes hang almost to the ground. For the pigs at least, progress may be a sweet release.

Chase No 1257; 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

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